The gangsters who call Rio's carnival tune
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Violence in films – on the road to hell?
Page XI

Formula One's pit-lane battleground
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Push comes to shove in Russia
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FINANCIAL TIMES
Europe's Business Newspaper
WEEKEND MARCH 13/MARCH 14 1993
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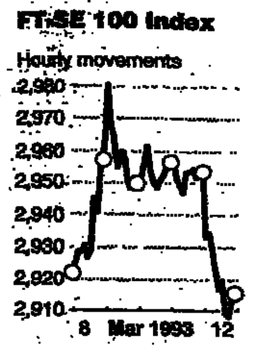
Troops moved to Bombay after car bombs kill 200

India moved federal troops into Bombay last night after 200 people were killed and more than 1,000 injured by a series of bomb explosions in the city. The devices, mostly car bombs, all exploded within 90 minutes. Among the targets were the stock exchange, the Air India building, a shopping complex and two hotels near the airport. Page 24

US bases to go: The Pentagon announced the closure of a further 29 military bases overseas. US defence secretary Les Aspin hopes to save $3.1bn a year by shutting 31 large domestic military sites. Page 4

London equities close lower



Nervousness over political developments in Russia and Hong Kong caused the already depressed London stock market to take a turn for the worse in mid-afternoon when the FT-SE 100 Index dipped to within five points of the 2,900 mark. However, there was no significant selling pressure and the market staged a comfortable rally in late dealings. The final loss of 37.5 left the Footsie at 2,915.9. London stocks, Page 15; Lex, Page 24

UN general reported held: Five British soldiers pulled out of a Bosnian village where they had been blockaded for 24 hours, but the commander of United Nations forces in Bosnia, General Philippe Morillon, was reported to be held by civilians in the eastern Bosnian town of Srebrenica. Women killed, Page 2

Tourist killed: Robbers shot and killed a German tourist outside Miami. He was the fifth tourist to die in robberies in Florida in the past few months.

Australia's close call: Polls show support for Australia's Labor government and the conservative Liberal/National coalition running neck and neck for today's federal election. Page 4

Savings down: Britons saved less of their incomes in the final quarter of last year – a fall consistent with evidence of a modest recovery in consumer spending. Page 6

'Mad cow' reassurance: UK health experts said that meat from cows infected with bovine spongiform encephalopathy was safe to eat despite the death of a dairy farmer from a disease caused by a similar infection. Page 6

North Korea quits N-pact: North Korea said it would withdraw from the nuclear non-proliferation treaty, raising fears of an international confrontation over its suspected nuclear weapons programme. Page 3

Drug rejected: A US Food and Drug Administration committee refused to recommend Kytril, a product of Anglo-American drugs group SmithKline Beecham, because of potential carcinogenic and cardiovascular side-effects. The drug is used to prevent nausea in cancer patients receiving chemotherapy. Page 10

Pilkington purchase: UK glass group Pilkington is paying £95m ($135m) for the UK and Irish glass processing and distribution business of building and automotive components distributor Heywood Williams. Page 10; Lex, Page 24

No agreement on Hong Kong: Chris Patten, governor of Hong Kong, ordered immediate publication of his democracy legislation, saying Britain and China had failed to agree a basis for talks about the colony's political future. Page 24

Japan slows: Japan's economy grew by 1.5 per cent last year, the slowest rate of growth for 18 years. Page 3

BBC governors speak out: More BBC governors broke with tradition yesterday and spoke of their concerns about damage to the BBC's reputation over director general John Birt's status until last week as a freelance consultant rather than a staff member. Page 24

Hatton cleared: Derek Hatton, former deputy leader of Liverpool city council, was cleared at Mold crown court, north Wales, of plotting to defraud the council over car park deals. Also cleared were a businessman and two former Labour councillors. Page 5

■ STOCK MARKET INDICES

FT-SE 100:	2915.9	(–37.5)
Yield	4.15	
FT-SE Eurotrack 100	1145.86	(–17.74)
FT-A All-Share	1421.34	(–1.1%)
Nikkei	18,037.52	(+132.73)
New York: lunchtime		
Dow Jones Ind Ave	3468.72	(–47.28)
S&P Composite	448.25	(–5.47)

■ US LUNCHTIME RATES

Federal Funds:	$2\frac{15}{16}$%
3-mo Treas Bills: Yld	3.063%
Long Bond	$103\frac{7}{16}$
Yield	6.85%

■ LONDON MONEY

3-mo interbank	$5\frac{13}{16}$%	(same)
Liffe long gilt future:	Jun $106\frac{15}{32}$	(Jun $106\frac{1}{2}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (April)	$18.71	(18.60)

■ Gold

New York Comex Apr	$328.5	(327.6)
London	$327.75	(327.15)

■ STERLING

New York lunchtime:		
$	1.4335	
London:		
$	1.434	(1.4365)
DM	2.3875	(2.385)
FFr	8.12	(8.1025)
SFr	2.1825	(2.1875)
Y	168.75	(same)
£ Index	77.3	(77.2)

■ DOLLAR

New York lunchtime:		
DM	1.6655	
FFr	5.6615	
SFr	1.52185	
Y	117.9	
London:		
DM	1.6655	(1.6605)
FFr	5.6625	(5.64)
SFr	1.5225	(1.5235)
Y	117.75	(117.55)
$ Index	66.7	(same)

Tokyo close Y 117.85

Yeltsin takes his cause to the people

President faces power duel with Congress

By John Lloyd and Dmitri Volkov in Moscow

PRESIDENT Boris Yeltsin yesterday challenged Russia's conservative-dominated parliament to a political duel for the allegiance of the country.

Facing further attempts to curtail his power, Mr Yeltsin walked out of the Russian Congress of Peoples' Deputies to take his cause of a strengthened presidency, economic reform and constitutional change to the people.

Both his supporters and enemies were quick to emphasise the risks being run by their inability to compromise. Mr Sergei Shakrai, a deputy prime minister and a close aide to Mr Yeltsin, said the Congress "has led the country to a threshold after which lies the road to revolution, chaos and the rule of the street".

Mr Sergei Baburin, a leader of the hardline nationalist Russian Unity group, said that once the question of relative strength was posed between the president and the parliament, "then the state is on the verge of a civil war".

Concern in the west at events in Moscow was evident in remarks by President Bill Clinton, who told reporters: "I support democracy in Russia and the movement to a market economy, and Boris Yeltsin is the elected president of Russia."

The Group of Seven leading industrial nations have, however, so far stopped short of offering Mr Yeltsin unconditional backing. Mr Boris Fyodorov, a deputy prime minister, flew to Hong Kong to meet G7 officials exploring ways to maintain the reform process in Russia, including possible further economic aid.

At the Congress, when it became plain that deputies would finally pass a resolution which reduces the presidential office to one occupied on the sufferance of parliament, Mr Yeltsin took the rostrum to say that their decision would create "a power vacuum which would weaken Russia".

If his proposed amendments were not passed, said Mr Yeltsin, he would take "additional measures to retain the power balance in the country". In spite of shouts of alarm, he – and later his aides – made clear that what he had in mind was a referendum, to be held in April, on the supremacy of the presidency and the private ownership of land.

Mr Vyacheslav Kostikov, the presidential press secretary, said Mr Yeltsin "understands he has only one partner left with whom he can talk. This is the people". He is expected to address the nation on television today.

Mr Shakrai said the referendum was constitutionally valid. The president's legal service holds that the original agreement in December between president and Congress to go to the people on the nature of the constitution cannot be repealed. Congress, however, earlier this week unfroze an article of the constitution which allows the parliament to dismiss the president if it considers him to act unconstitutionally.

Mr Vladimir Shumeiko, the first deputy prime minister, said last night that a meeting during the session between Mr Yeltsin, Mr Ruslan Khasbulatov, the combative parliamentary speaker, and Mr Valery Zorkin, head of the Constitutional Court, produced nothing more than an invitation from Mr Khasbulatov for the president again to address the Congress, and a riposte from Mr Yeltsin that "I have already said everything I could to them".

Mr Khasbulatov commanded Congress to sit for a fourth day today because, he said, "we should watch most attentively how the executive branch of government (Mr Yeltsin) observes the constitution". On the agenda are the proposed referendum and the possibility of early elections.

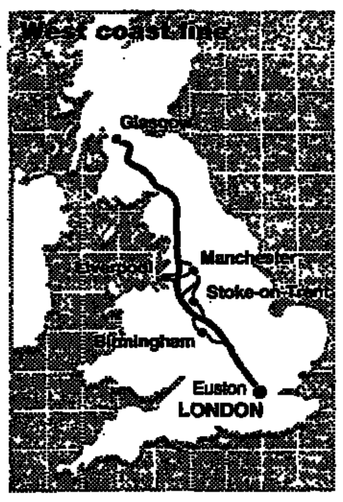
Congress or its smaller permanent body, the Supreme Soviet, must either now respond to Mr Yeltsin's challenge by moving towards declaring his actions unconstitutional – or attempt to seek an accord with him.

Deputies yesterday were proposing to call early elections, call a referendum with different questions, or move again to impeach Mr Yeltsin, a proposal which did not pass earlier this week.

West ponders how to aid Russia, Page 2
Textbook leader with a legal brief, Page 8

Walkout: Russian president Boris Yeltsin leaves the Congress as parliamentary speaker Ruslan Khasbulatov urges him to return

£900m plan to upgrade west coast route



By Andrew Taylor, Construction Correspondent

THREE of Britain's biggest engineering companies have proposed a £900m scheme to raise private finance for much-needed improvements to the main west coast railway line between London and Glasgow.

GEC Alsthom, Trafalgar House and Balfour Beatty, the construction arm of BICC, would recoup their costs by charging train operators a fee for using the upgraded track.

The consortium would not own the track but would charge fees under a concession which would run for an agreed number of years. This would be similar to concessions granted to operators of the Channel tunnel and the new toll bridge across the River Thames at Dartford.

The proposal has been submitted to Mr John MacGregor, transport secretary, who is currently considering the privatisation of British Rail. The government plans that track ownership would be transferred to a new state-owned body called Railtrack. This would still leave the problem of how to raise cash to pay for track, signalling and rolling stock improvements when the government is trying to restrain growth in public-sector spending.

British Rail InterCity last year asked for punctuality standards, under the Passenger's Charter, to be lowered on the 400-mile west coast main line because lack of investment was making services unreliable.

Under the consortium's plan, private finance would be raised to pay for track replacement, improved electrical and signalling systems, realignment of some curved sections of track to allow faster train speeds, and replacement of some bridges.

Included in the £900m bill is £250m-£300m for new rolling stock to be provided by GEC Alsthom. The proposals include improved links from the main line to Birmingham, Stoke-on-Trent, Liverpool and Manchester.

Balfour Beatty provided the overhead systems for the £515m public sector electrification of the east coast mainline between London and Edinburgh. Trafalgar House is a member of the private sector consortium which built the Dartford Bridge and a member of a consortium which has won a concession to build a privately financed toll road around part of Birmingham.

The government has been trying to encourage private sector investors to take advantage of Treasury rule changes which should make it easier to raise private finance for infrastructure projects.

Task force studies Taurus successor

By Richard Waters

THE BANK of England task force considering a new stock market settlement system for London yesterday focused on a two-tier system which would treat individual investors and big institutions differently.

At a two-hour meeting, the 10-member task force agreed to look urgently at using an existing stock exchange system, Talisman, as the basis for a new institutional settlement system. Whatever the outcome there will be wide-ranging consultation before any decision is taken.

The task force, drawn together hastily this week, was meeting the morning after the stock exchange scrapped its ill-fated Taurus project and accepted the resignation of Mr Peter Rawlins, chief executive.

Talisman was introduced in 1979 as an automated settlement system for marketmakers, who hold shares in what are known as "Sepon" nominee accounts. One person present at the task force meeting said afterwards: "The Sepon system is perfectly capable of doing the job. There's no reason why it shouldn't be used for institutional investors."

Similar ideas were expressed widely in the City yesterday by brokers and custodians. However, there were some doubts whether Talisman could be adapted to handle the extra volume of trades.

A quick move to Talisman – regarded as possible before the end of this year – would enable institutional investors to settle transactions soon after they have been carried out, perhaps after only three days. For private investors, the time taken to settle their trades would be longer.

Talisman could also be made available to nominee companies which pool the shareholdings of individual investors, the task force member said.

This would effectively allow some individuals to settle trades in the same way as institutions.

Mr David Jones, chief executive of Sharelink, the stockbroking firm which regularly handles up to 10 per cent of the bargains on the stock market, said: "The banks and the registrars have got to be told that they cannot run this industry for their own interests."

Letter, Page 9
German bourse chief to step down, Page 12
Monster off our backs, Wkd Page III

Acquittals in car park spying case

By John Mason, Law Courts Correspondent

AN INDUSTRIAL espionage trial, involving the UK's National Car Parks, ended yesterday with the acquittals of both defendants and calls for reform of the law affecting the operation of private security firms.

After a two-month trial, Mr Gordon Layton, chief executive of NCP, the UK's leading car parks operator, and Mr Simon Hewitt, a former manager with KAS, a now defunct security firm, were acquitted of conspiring to defraud Europarks, a rival of NCP.

The case has been regarded within the legal profession as the most important example of industrial espionage to come before the courts and a test of current legislation.

The Old Bailey jury heard how, at Mr Layton's request, KAS – the company formed by the late Sir David Stirling, the founder of Britain's Special Air Services – carried out a three-year espionage operation against Europarks to acquire confidential information.

The methods included surveil-

Background, Page 6

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Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; China Fec 13.0; Canada C$1.40; Cyprus C£1.00; Czech Rep Kcs45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr8.50; Germany DM3.30; Greece Dr300; Hong Kong HK$18; Hungary Ft172; Iceland IKR180; India Rup40; Indonesia Rp3,800; Israel NS6.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira25.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep Kcs45; Spain Pta200; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L7000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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Tight economic policies needed to stop waste

West ponders how to aid Russia

By Leyla Boulton in Moscow

AS President Boris Yeltsin's political troubles help focus western minds on the need to accelerate assistance for his economic reforms, the question of how to deliver help becomes more urgent than ever.

One reason why the west has not produced large-scale finance for Russian economic reform is because of doubts that it would achieve its purpose. The banking and distribution systems are extremely primitive, capital flight and corruption are big problems, and the bureaucracy is slow and inept.

Even Mr Boris Fyodorov, the deputy prime minister for economics and finance who arrives in Hong Kong today for talks with the Group of Seven industrialised countries, agrees that stopping aid from being wasted is the biggest headache. Without tight economic policies, all would be lost.

The stakes are high. If the aid does not reach its targets, the risk of a political backlash against reform in Russia is heightened. If aid is not controlled, it might just provide a financial cushion to delay reform.

There is also pressure for aid to go beyond new loans. Much of the \$24bn (£17bn) package promised by the west last year was limited to loans guaranteed by western governments for imports of western goods and equipment. A new emphasis would target western cash at projects to show concrete benefits and even help Russia generate hard currency.

The World Bank would lead such efforts, which include, for example, a plan to finance equipment to cap gas flares in Russia's oil industry.

This thinking is even being applied to the International Monetary Fund, last year charged with administering western financial assistance to Russia in return for reforms which never materialised.

Diplomats say the G7 is now considering the creation of a special fund, to be run by the IMF, to finance specific programmes. One – approved by the Russian premier, Mr Viktor Chernomyrdin – would organise five model bankruptcies in key sectors. This would send a warning to enterprises squandering state support and instruct officials and judges on how to implement Russia's first bankruptcy law in 70 years.

Another idea is for the IMF to take on the burden of subsidies at present provided by Moscow to the former Soviet republics through the issue of credits from the Russian Central Bank. Mr Fyodorov says that last year Russia spent the equivalent of \$18bn subsidising the former republics.

Technical assistance might also draw more on examples which have worked well so far. One model is the work of the International Finance Corporation, the World Bank's private sector development arm, which is working in the provinces to help local authorities privatise shops, big enterprises, and even land.

Mr Mikhail Gurtovoi, who last year headed a government commission to fight corruption until it was disbanded, suggests that plants equipped with western machinery but not completed under inefficient state management should simply be given to western companies. Completed and run by westerners, they would provide models of efficiency and jobs.

Fyodorov in Hong Kong to seek help from G7

By Ivo Dawnay, Political Correspondent

A FLURRY of nervous behind-the-scenes diplomatic activity was under way last night as Mr Boris Fyodorov, a Russian deputy prime minister, flew to Hong Kong for an unprecedented meeting with officials of the Group of Seven leading industrial nations.

In spite of broad public declarations of support for President Boris Yeltsin in recent days, the G7 nations have stopped short of offering unconditional backing for him.

Instead, a senior British diplomat said in London that the G7 would only draw conclusions at the end of the two-day Hong Kong meeting, when it was hoped political developments in Moscow had become clearer. "It is an extremely serious situation," he said.

The G7 meeting was due to look at ways the industrial powers can maintain the reform process in Russia, including the question of further economic aid. But as the showdown between Mr Yeltsin and the Congress of People's Deputies has come to a climax, the agenda is certain to have taken on a more overtly political tone.

Both France and Germany have indicated that they favour an emergency G7 heads of government meeting, to be convened before the scheduled Tokyo summit in July. However, with the balance of power between Mr Yeltsin and the Congress still uncertain, the US and the UK remain cautious.

A more likely outcome will be a meeting of G7 finance and, possibly, foreign ministers to assess the outlook. That could be convened at short notice in order for its work to be completed before Mr Yeltsin's scheduled meeting with President Bill Clinton in Vancouver on April 3-4.

Despite a call from Mr Pierre Bérégovoy, the French premier, on Thursday for more US and Japanese financial aid for Russia, many diplomats believe that economic support will have little bearing on what is now essentially a political power struggle.

German leaders struggle towards solidarity pact

By Quentin Peel in Bonn

AS SPRING sunshine broke through the winter gloom of Bonn yesterday, the entire German political establishment was locked away behind the closed doors of the chancellor's office, searching for signs of daylight in the fine detail of their "solidarity pact" for east Germany.

Chancellor Helmut Kohl, with a string of top government ministers, the leaders of all the main parliamentary parties, the 16 prime ministers of the federal states, and their finance ministers and advisers, agreed to carry on negotiating in working groups all evening, and meet again today, in an attempt to forge the political consensus they have been seeking since last September.

A formula has to be found to finance a spending gap of DM110bn (£46.6bn) in 1995 to pour more money into the collapsed eastern economy.

The signs last night were that there was clear movement towards a political compromise, although the final figures - at least on the burden sharing – may take a little longer to agree. The opposition Social Democrats, led by Mr Björn Engholm, prime minister of Schleswig-Holstein, have won the first key battle to block any big cuts in social spending.

Instead, they have agreed on a campaign to clamp down on unemployment and social security swindles, and to identify further savings of more than DM3bn in other parts of the budget.

The other main move was a concession to the new states of east Germany for the government to shoulder a share of their DM51bn housing debt, thus freeing the way for faster privatisation of the dilapidated state-owned housing stock.

What remains are the toughest nuts of all to crack:

- When and by how much to raise taxes through a new "solidarity surcharge": Mr Kohl is adamant it must not come before 1995, and the SPD looking for a tax rise this July.
- How to split up the whole burden between the budgets of the federal government and the 16 Länder, and share the pain between the rich states and the poor.

Former President Valéry Giscard d'Estaing (left) and environmentalist leader Brice Lalonde appear as monkeys in a clothing company advertisement in Paris. Giscard's rightists are doing well in the polls, ecologists less so.

Conservatives move up, ecologists fall back in French poll

By Alice Rawsthorn in Paris

WITH a week to go before the first round of voting in France's parliamentary election, the conservative coalition is still gaining ground over the ruling Socialists in the polls.

The Socialists now command the support of 18 per cent of the electorate, according to a BVA poll in today's Libération newspaper. This leaves the ruling party behind both centre-right parties.

The RPR is edging ahead of the UDF, with 20 per cent to 19 per cent.

Meanwhile the ecologists, who earlier in the campaign threatened to beat the Socialists into second place, are now losing momentum. Support for the ecologist alliance has slipped to 12 per cent from 14.5 per cent a month ago.

The new poll suggests the RPR will emerge as the largest single force in the National Assembly, with 226 seats, against 198 for the UDF. This should give the RPR an advantage in the allocation of ministerial positions and possibly influence President François Mitterrand in his choice of prime minister.

The president was yesterday embroiled in controversy over allegations by Libération newspaper that his security staff at the Elysée Palace had in the mid-1980s made requests to bug the telephones of scores of prominent figures, including the actress Ms Carole Bouquet and the writer Mr Jean-Edern Hallier. Last week Libération claimed that Elysée staff had tapped the phone of Mr Edwy Plenel, an investigative journalist.

Tough times on catwalk leave designers struggling

By Alice Rawsthorn

THE LATEST Paris ready-to-wear fashion collections kicked off in the Louvre yesterday against a drab economic backdrop and a row among the leading designers which threatens to split the French fashion industry.

The Paris designers, which flourished in the buoyant 1980s, are now struggling in more competitive conditions.

Sales of French designer fashions have fallen sharply since the peak of FFr5bn (£627m) in 1990 to just FFr4.3bn last year, according to the Chambre Syndicale, which represents the industry.

This season the Paris fashion houses are hoping for an improvement in US demand, but expect further problems with Japan. They also face the handicap of the strong French franc, which makes it more difficult for them to compete against the Milan and New York designers.

Yves Saint Laurent, one of the leading Paris houses, was forced this year to sell out to Elf-Sanofi, the state-controlled French pharmaceuticals group. Others, including Givenchy and Jean-Louis Scherrer, have shed staff. Philippe Venet, an old established couture business, last month fired its entire workforce.

This week's ready-to-wear collections have a subdued air. Yohji Yamamoto and Commes des Garçons, the Japanese designers, are staging small shows instead of their usual lavish events in the Louvre. Jean-Paul Gaultier, the French designer known for his theatrical collections, is holding a small show in his shop. Martin Margiela, leader of the younger avant garde, is not showing at all.

Meanwhile the whole industry has been flung into chaos by a row between Mr Pierre Bergé, YSL's chairman, and the Chambre Syndicale. YSL last month broke away from the Chambre Syndicale, which organises the Paris shows, after Mr Bergé was ousted as head of the ready-to-wear section.

Mr Bergé is now trying to persuade other designers to join YSL in staging their own shops under a new organisation.

If he succeeds, retail buyers and journalists would have to choose between two separate sets of fashion shows possibly held on different dates, thereby weakening Paris' position as the centre of international fashion.

NEWS IN BRIEF

DM15bn clean-up for east Germany

THE German government yesterday unveiled a DM15bn (£6.3bn) clean-up budget, aimed in part to attract foreign investors, for one of eastern Germany's most polluted regions, **writes Judy Dempsey in Berlin.**

The federal government, through the Treuhandanstalt, the agency responsible for the privatisation of the eastern German economy, will provide up to DM15bn over the next five years.

"Germany has to carry the environmental burden, not the investor," the Treuhandanstalt said yesterday, but the technical details about raising the money had yet to be decided.

In principle, the federal government has agreed to provide 75 per cent of the costs, while the state which is home to the pollution must meet the remaining quarter.

Call for EC TV strategy

The European Community should develop a co-ordinated approach to advanced television technology, based on wide-screen broadcasts and a "family" of digital television transmission standards, the European Commission said yesterday, **reports Andrew Hill from Brussels.**

But industry analysts warned yesterday that the Community risked repeating the errors of its original ill-fated HDTV strategy. Based on a family of analogue standards, this was criticised for being driven by technology rather than consumer needs.

Chinese vice-president dies

General Wang Zhen, a hardline member of the Chinese leadership, died yesterday, on the eve of the National People's Congress, or parliament, which is expected to urge speedier economic liberalisation and further entrench reformists in power, **Tony Walker writes from Beijing.**

Gen Wang, 84 and a veteran of the Communists' "Long March", was vice president, a largely ceremonial role. However, he remained active behind the scenes, and until quite recently was opposing what he considered hasty liberalisation.

Argentina leads Gatt appeal

Nearly 40 rich and poor countries led by Argentina have appealed to the US, the EC and Japan to "display leadership" in returning swiftly to the negotiating table in Geneva to complete the long-stalled global trade talks, **Frances Williams reports from Geneva.**

The letter, sent by President Carlos Menem of Argentina to the leaders of the three big traders on Thursday, urges the US administration to request only a short renewal of its negotiating mandate from Congress.

Japan-Brazil accord signed

An accord was signed yesterday for Japan's first financing of environmental projects in Brazil, for a total of \$840m, through its Overseas Economic Co-operation Fund, **Christina Lamb reports from Rio de Janeiro.**

The money is destined for a co-financing project with the Interamerican Development Bank for cleaning up the Rio bay, as well as the depollution of the Tiete river, which runs through São Paulo, and the construction of a recycling unit in São Paulo.

French attack shellfish

French fishermen yesterday renewed up their protests against rising fish imports by ransacking two refrigerated depots in the port of Saint-Brieuc. The fishermen emptied crates of South African and Australian shellfish on the the floor leaving the contents to rot, **Alice Rawsthorn writes from Paris.**

Meanwhile a number of French fishing vessels from Bayonne were damaged when they blockaded a Spanish patrol boat in French waters. The French authorities agreed to pay compensation to the owners of the damaged boats.

Resignation of Bank deputy puts pressure on currency

Lisbon intervenes to defend escudo

By Peter Wise in Lisbon

THE BANK of Portugal intervened heavily to defend the escudo yesterday after Mr Antonio Borges, its deputy governor, resigned in a rift with the government over monetary policy.

The escudo fell to a record low of DM94 before central bank buying pushed the currency back up to about DM92.75. The stock market also reacted to the uncertainties raised by Mr Borges' resignation with the the Bolsa de Valores de Lisboa index falling 1.15 per cent on the day.

Mr Jose Fonseca Goncalves, an analyst with Totta Dealer, said: "Mr Borges was someone they could depend on for a firm policy line. Now nobody is sure what to expect."

Mr Borges resigned on Thursday night in reaction to a speech by Mr Jorge Braga de Macedo, finance minister, in which he criticised the central bank for failing to heed the needs of the real economy and lower interest rates.

Rumours were rife in financial markets yesterday that Mr Miguel Beleza, governor of the Bank of Portugal, might also resign unless he could secure a guarantee from Mr Anibal Cavaco Silva, prime minister, that the central bank would have full freedom to conduct exchange rate and monetary policy as it saw fit.

The divide between the government and the central bank on interest rates has been growing for several weeks. Mr Borges, responsible for exchange rate control, believes that the escudo should be kept strong and interest rates should only be allowed to fall as inflation comes down.

He has warned that this would mean heavy casualties, particularly among small and medium-sized companies that make up the bulk of Portuguese industry. But, he argued, it was a necessary step to make the economy more competitive and ensure the transfer of resources to efficient firms.

Mr Braga de Macedo, under pressure from export companies caught between the high cost of money and the strength of the escudo, favours a more rapid descent of interest rates. Interest rates have been falling steadily in Portugal as inflation came down from 11.4 per cent in 1991 to 8.9 per cent in 1992.

But there remains a wide difference between prime rates offered to the best companies and the much higher rates available to small companies. The central bank has been regularly drawing from massive foreign exchange reserves to defend the escudo. But it took the unusual step yesterday of publically acknowledging heavy intervention.

Italy's export credit chief held

By Robert Graham in Rome and Haig Simonian in Milan

THE Italian treasury has assured Sace, the country's state-run export credit guarantee agency, that it will continue to operate normally despite the arrest of Mr Roberto Ruberti, its chief executive, on charges of corruption.

Mr Ruberti was arrested on Thursday and five other key figures connected with Sace activities were warned by Rome magistrates they were under investigation. These included Mr Vincenzo Martinez, the deputy chairman, Mr Giuseppe Mazza, director general of the Commerce Ministry and head of Sace's management committee, and Mr Roberto Bonfigli, an indemnities department executive.

According to Rome magistrates, Mr Ruberti is alleged to have received payment in return for providing insurance cover for overseas Italian contracting operations.

Separately in Milan, police arrested Mr Pompeo Locatelli, the well-known financial consultant who played a decisive role advising the Eni state energy and chemicals group over the Enimont chemicals joint venture with Montedison.

He is accused of accepting stolen funds and illegal financing of political parties. The arrest follows testimony by Mr Pier Francesco Pacini Battaglia, a Geneva-based Italian banker.

The allegations are said to relate to L3bn in illegal financing for the Socialist party, made in conjunction with Mr Silvano Larini, the playboy Socialist architect who gave himself up last month.

Serb shelling kills women blockading UK troops

SHELLING by Serbs killed and wounded a number of women and young children blockading British soldiers in a Moslem village in east Bosnia yesterday, Reuter reports from Sarajevo.

Major Martin Waters, at the headquarters of the British UN battalion in Vitez, central Bosnia, said two doctors were performing operations on the victims without the use of anaesthetic. "There are quite a few dead, and six children under five were seriously injured, two with their legs blown off."

Five British soldiers are being held hostage in the besieged village of Konjevic Polje by Moslems demanding a ceasefire, the stationing of UN monitors in the region and humanitarian aid.

The soldiers, in two armoured cars, were escorting a UN medical convoy to Konjevic Polje on Thursday when they were surrounded by Moslems demanding their wounded be evacuated.

After spending the night in the village the five soldiers continued talks with a group of villagers, most of them old people, women and children.

The British soldiers were joined by a third armoured car yesterday. Artillery from surrounding mountains opened up and shells hit the crowd.

"The fire was very well-aimed, they obviously had an observation post in the mountains," Major Waters said.

Mediators fail to sway Milosevic

Owen: confident

By Robert Mauthner in Paris

BOSNIA peace mediators Mr Cyrus Vance and Lord Owen last night left a meeting in Paris with Mr Slobodan Milosevic, the Serbian president, with no more than vague assurances that he will use his influence to back their peace plan.

After a meeting hosted by President François Mitterrand of France, followed by a dinner at the French Foreign Ministry, Lord Owen and Mr Vance expressed their habitual public optimism that the peace talks in New York were about to enter a more positive phase. It had been a good meeting and "some progress" was made, they said.

However, apart from extracting a promise from Mr Milosevic that he would do his best to persuade the Bosnian Serb leader, Mr Radovan Karadzic, to attend the peace talks in New York next week, the mediators do not appear to have won any concrete commitments from the Serbian president. Indeed, Mr Milosevic had stressed after the first meeting with the mediators and Mr Mitterrand that he had no direct part to play in the peace negotiations. It was up to the warring parties alone to work out an agreement on the controversial map dividing Bosnia into 10 provinces.

Mr Milosevic's attempt to stand aside from the peace negotiations was not at all to the taste of the mediators, who had engineered the Paris meeting with the express objective of persuading Mr Milosevic to put pressure on Mr Karadzic. They hoped that, with the help of Mr Mitterrand's persuasive talents, Mr Milosevic would repeat his Geneva performance of last January, when he pushed the Bosnian Serb leader into accepting the mediators' constitutional proposals for the new state of Bosnia-Hercegovina.

Mr Mitterrand brandished both the carrot and the stick in his approach to the Serbian president. Though he gave a magisterial outline of Serbia's historical role in Europe, this was offset by his clear warning that, whatever the rights and wrongs of the situation in Bosnia, the international community was determined to take action against Belgrade (in the form of tighter sanctions) if the Serbs did nothing to help end the conflict in Bosnia.

Mr Vance and Lord Owen have returned to New York breathing confidence that their negotiations will resume next week, but on past experience, they cannot be sure that either Mr Karadzic or Mr Alija Izetbegovic, the Moslem Bosnian president, will turn up.

However, even if both attend the talks in New York, unless Mr Milosevic is prepared to play the ace that he undoubtedly holds, the prospects for the peace talks must still be gloomy.

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Fears grow as N Korea quits nuclear treaty

By John Burton in Seoul, Alexander Nicoll in London and Tony Walker in Beijing

NORTH KOREA yesterday raised fears of an international confrontation over its suspected nuclear weapons programme by declaring that it was withdrawing from the nuclear non-proliferation treaty.

The decision caused consternation among its Asian neighbours and in the West. North Korea would be the first country to scrap membership of the treaty, which seeks to limit the spread of nuclear technology.

Japan, the US, Germany and Britain urged Pyongyang to reconsider the move, which Mr Kiichi Miyazawa, the Japanese prime minister, described as "really dismaying". Ms Madeleine Albright, US ambassador to the United Nations, said: "We call upon North Korea to withdraw its declaration immediately."

The decision would halt inspections by the International Atomic Energy Agency, which has carried out six inspections of North Korean facilities since Pyongyang permitted them last year. The Vienna-based body said it was a "grave step" and began preparations for an emergency board session next week to discuss a response.

The IAEA had given a deadline of March 25 for the government of Mr Kim Il-sung, a communist dictator, to permit inspections of two storage buildings at Yongbyon, North Korea's nuclear complex. It suspects the sites are being used to store nuclear waste for re-processing of plutonium.

However, Pyongyang responded that this was not possible at present because of the annual US/South Korean "Team Spirit" military exercises, now under way. This week it placed the country on a "semi-war" footing in response to the exercise, which was suspended last year in a goodwill gesture after the two Koreas signed a non-nuclear pact.

North Korea insists that the two sites are non-nuclear military installations of no concern to IAEA inspectors. It said its withdrawal from the treaty was a "a well-justified self-defensive measure against the nuclear war manoeuvres of the US."

In Seoul, where the cabinet met in emergency session, the South Korean foreign ministry said: "The North's professed reasons for pulling out of the treaty convince no one. This only heightens the suspicion that it is developing nuclear arms."

The move threatened to undo recent progress in developing inter-Korean relations.

Expiry of the IAEA March 25 deadline could see the issue being transferred to the UN Security Council, which could impose sanctions for non-compliance.

China, a permanent member of the Security Council and one of North Korea's few remaining allies, issued a mild rebuke to North Korea. Behind its careful diplomatic phrasing, Beijing has had increasingly strained relations with Pyongyang and is likely to be exasperated by its behaviour.

In Tokyo, a Japanese foreign ministry official said: "We are very, very concerned about North Korea. It is an unpredictable regime, and the thought that they could be close to acquiring a nuclear capability is frightening."

Jack Burton reports on North Korea's increasing isolation

THE issue of North Korea's suspected nuclear weapons programme, which appeared to be approaching a resolution a few months ago, could become a serious international crisis following Pyongyang's announcement yesterday that it is withdrawing from the nuclear non-proliferation treaty.

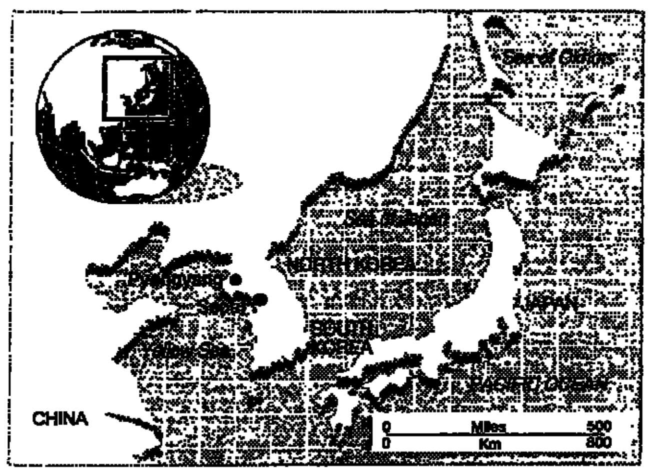
North Korea is believed to have started its nuclear research project in the mid-1960s as part of the *juche* (self-reliance) ideology of President Kim Il-sung to create an independent defence capability. The North Korean leader worried that he could no longer rely on Soviet military backing, after the fiasco of the 1962 Cuban missile crisis, if a second Korean war broke out.

It was similar concerns about US military commitment to South Korea in the 1970s that persuaded Seoul to try to develop a nuclear weapon, although the programme was eventually abandoned under US pressure.

Mr Tai Sung An, a respected US-based analyst of North Korea, argues that the country is seeking several objectives in its nuclear weapons programme. They include improving its negotiating leverage with South Korea and its allies, the US and Japan, and "offsetting its looming loss of conventional military superiority relative to South Korea by building a nuclear strategic equaliser."

Mr Kim Il-sung has developed a paranoid fear of nuclear attack from the US ever since that option was discussed during the Korean War 40 year ago, he says.

As North Korea became increasingly isolated from its Russian and Chinese allies in the post-cold war period, it has expanded its facilities at the Yongbyon nuclear complex, 60 miles from Pyongyang, in an apparently accelerated effort to acquire a nuclear weapon.



It operates two small reactors at the site and is building a bigger 50-megawatt unit. It is also constructing what appears to be a large nuclear fuel reprocessing plant to extract weapons-grade plutomium from the spent nuclear fuel generated from the reactors.

But there were also indications that Pyongyang realised its nuclear weapons programme was proving to be counterproductive as its economy deteriorated. Its need for foreign investment from South Korea, the US and Japan to revive the economy led it to make apparent concessions on the nuclear issue to reduce suspicions blocking ties with these countries.

It signed a non-nuclear pact with South Korea in late 1991 and agreed to allow scheduled inspections by the International Atomic Energy Agency last spring in belated compliance with its signing of the treaty in 1985.

But progress became bogged down after Seoul wanted to conduct challenge inspections of suspected but undisclosed nuclear facilities, while the IAEA demanded last month a special inspection of two buildings in the Yongbyon complex that it believed contained plutonium. The IAEA request helped push Pyongyang to renounce its signing of the treaty yesterday.

The most obvious conclusion to draw from Pyongyang's action that it has indeed accumulated plutonium and feared that the IAEA would discover it.

The US and Japanese governments claim that North Korea has already stockpiled enough plutonium to make at least one or two nuclear bombs.

Japanese officials estimate that North Korea has extracted between 16kg and 24kg of weapons-grade plutonium.

But there are other explanations for North Korea's apparently rash response. One is that the nuclear programme has become a key issue in power stuggle between hardliners and reformers in Pyongyang.

There has been speculation recently that Kim Il-sung is seriously ill, which might have triggered a political fight.

While the reformers were in the ascendant last year and successfully pushed for nuclear concessions in return for foreign investment, the hardliners might be gaining power now.

Another explanation is that officials fear public discontent as the economy collapses and are creating a crisis atmosphere about a US threat, in the form of the current Team Spirit military exercise, to rally support behind the regime. Pyongyang cited Team Spirit as one reason for its abandonment of the inspection accord.

Pyongyang's growing isolation from the outside world may be strengthening its resolve to resist what it perceives as intrusions on its sovereignty, which it accused the IAEA of doing with its inspection demands.

Russian and Chinese diplomats recently cited this reason in warning that the West should not press North Korea too much on the nuclear issue and deny it room for diplomatic maneouvering and the ability to save face.

Former ally heads Seoul opposition

By John Burton in Seoul

A FORMER political ally of the South Korean president was elected yesterday as the leader of the country's main opposition Democratic Party, writes John Burton in Seoul.

Mr Lee Ki-taek succeeds Mr Kim Dae-jung, who retired after being defeated in the presidential election last December. Mr Lee's election follows a power struggle within the party, which holds 97 of the 299 seats in the National Assembly.

But it is still threatened with dissension and a possible break-up, which could improve the parliamentary position of President Kim Young-sam's government. Mr Lee represents a minority faction that joined the Democratic Party in 1991. The party is dominated by followers of Mr Kim Dae-jung who mainly come from the south-western Cholla region which historically has been at odds with the central government in Seoul.

Mr Lee was a member of President Kim's former opposition party. When Mr Kim decided to merge his party with the government in 1990, Mr Lee stayed in opposition, joining the Democratic Party a year later.

Japan grows by 1.5% in 1992

By Robert Thomson in Tokyo

JAPAN'S economy grew by 1.5 per cent last year, the slowest rate of growth in 18 years, after domestic demand continued to weaken in the final quarter. The news prompted further calls yesterday for an emergency economic package.

Much of the growth for the year was generated by an increase in exports, as the slim 0.1 per cent expansion in the October to December quarter came in spite of a 0.5 per cent contraction in personal consumption and private investment.

But the annualised 0.5 per cent growth during the final quarter did prevent Japan from experiencing a second quarter of negative growth, and thus falling technically into recession. The economy contracted by 2.4 per cent during the third quarter, the first such decline in three years.

The Economic Planning Agency conceded yesterday Japan was unlikely to reach its official target of 1.6 per cent growth for the fiscal year which ends this month, and hinted further stimulation would be needed if the target of 3.3 per cent growth next year was to be met.

Japan is under pressure from trading partners to meet these goals, as sluggish domestic demand is blamed for the country's surging trade surplus. Exports are continuing to increase by 2 to 3 per cent each month, while imports are falling by an average 6 per cent.

It is likely the country would have slipped into recession without a boost to public spending during the final quarter, when a Y10,700bn (£62bn) government package began to take effect. During the same period, private non-residential investment was 3.1 per cent lower, reflecting cuts in capital spending.

The weakness of private consumption and a continuing increase in personal savings have fuelled debate within the government over whether tax cuts are needed to encourage consumers to spend. The government is also considering incentives for home buyers and a new package of infrastructure spending.

Mr Kenneth Courtis, senior economist at Deutsche Bank Capital Markets Asia, suggested Japanese contractors "can't dig ditches or build bridges fast enough".

"If you look at the figures, Japan has been exporting its way out of recession, and something more must be done to stimulate domestic demand," Mr Courtis said.

Singapore biscuit magnate charged

MR Rajan Pillai, a Singapore-based businessman nicknamed the "Biscuit King" for his processed food empire, has been charged in court with offences under the local companies act, Reuter reports from Singapore.

Mr Pillai, 45, chairman of Singapore's Britannia Industries, pleaded not guilty. He was arrested on Wednesday and charged with having illegally authorised loans from Britannia to companies in which he had significant stakes to help them acquire Britannia shares.

He was released on bail of S$500,000 (£214,788) after Thursday's hearing. A commercial affairs department official said his passport had been impounded.

Britannia is a holding company for several subsidiaries incorporated in India, Pakistan, Singapore, Malaysia, Hong Kong, New Zealand and Britain. They manufacture and market branded biscuits, cereals and other food.

Britannia's turnover in 1992 was more than $700m.

Mr Pillai is charged with sanctioning S$10.68m in loans in November 1989 to a Liberian-incorporated company, Pacific Talon, to help it acquire Britannia shares. In December 1990, he is alleged to have lent S$11.25m to Pacific to help it acquire more Britannia shares. Mr Pillai has a large stake in Pacific, the official said.

The offences are punishable with up to three years' jail or a S$20,000 fine or both.

Neck and neck on the final straight: Prime Minister Paul Keating gives his last campaign press conference yesterday

Australian poll too close to call

By Kevin Brown in Sydney

THE outcome of today's Australian federal election *remained in doubt yesterday* with polls showing sharp regional variations in support for the two main parties.

The Labor government is likely to lose seats to the conservative Liberal/National coalition in Western Australia, South Australia and Queensland, but could make gains in Victoria and Tasmania.

"It is too close to call. The different trends in different states mean the final outcome could be very close," said Mr Sol Lebovic, director of the Newspoll organisation.

Mr Gary Morgan, another leading pollster, said support for the government had increased substantially following attacks on the coalition's proposals for a goods and services tax (GST).

"The issue is the economic mess the country is in, and the concern is the GST. If there was no GST the coalition would walk in," he said. "Labor must be the underdog but they still can win it."

Mr Paul Keating, the prime minister, and Mr John Hewson, the conservative leader, both forecast a narrow victory for their own side. However, confidence appeared to be higher in the conservative camp.

The coalition was encouraged by a last-minute vote of confidence from all but one of Australia's main newspapers, which have frequently criticised opposition policies during the campaign.

The Australian, owned by Mr Rupert Murdoch's News Corporation, said the coalition was "the best option" for economic reform, in spite of "deep reservations" about some policies.

The coalition needs a net gain of five seats to win a majority in the 147-seat House of Representatives, which would be achieved by a uniform national swing of 0.9 per cent.

If the election is close, the result may not be known until next week because of the time required to count second and subsequent preferences under Australia's voting system.

A dead heat is also possible because of the postponement of the election in the marginal Queensland constituency of Dickson, following the death of one of the candidates. The Dickson poll will be held next month.

Navy bears brunt as US prepares to close 31 bases

By Jurek Martin in Washington

MR Les Aspin, the US defence secretary, , yesterday recommended closing 31 major military bases in the US and scaling back operations at a further 134 installations.

The reductions, he estimated, would produce savings on the defence budget of $3.1bn (£2.18bn) a year, starting in the year 2000. But he conceded that as many as 57,000 civilian and 24,000 military jobs would be lost.

His proposals are already under fire in Congress. The independent base closure and realignment commission has until July 1 to consider them and forward a final recommendation to the president, who has a further two months in which to take final action.

Conscious of the controversy, President Bill Clinton has gone to some lengths to soften the blow. Yesterday he was on an aircraft carrier off the Virginia coast, demonstrating solidarity with the troops, while on Thursday he announced a $20bn four-year defence conversion plan which he dubbed "swords into ploughshares."

Mr Aspin admitted yesterday that the proposed base closures would hurt local economies. California, already deep in recession with unemployment just under 10 per cent, takes the hardest hit, losing over more than 30,000 military and civilian jobs as a result of closing and consolidation.

Five affected facilities are in the congressional district represented by Mr Ron Dellums, now chairman of the House armed services committee and a long time critic of military profligacy. But special pleading by senator Dianne Feinstein and congressman Vic Fazio appears to have saved two famous installations, *McLellan* Air Force base outside Sacramento and the Monterey Presidio facility which houses the military's language school.

But many illustrious bases have been put on the chopping block. They include Homestead Air Force base in Florida, devastated by Hurricane Andrew, the naval shipyard at Charleston, South Carolina, and the naval stations at Treasure Island in San Francisco and Staten Island, New York.

The navy, with 23 of the 31 proposed closures, takes the hardest hit. If Mr Aspin's proposals are implemented, it will be left with just two main ports in the US, in San Diego and Norfolk, Virginia, down from the seven of President Ronald Reagan's era.

Abroad, 29 installations are to be closed, including 14 in Germany, eight in Greece, four in the Netherlands and two in Britain.

Clinton backs anti-trust move

By Nancy Dunne in Washington

THE White House has given strong backing to legislation which could discriminate against US subsidiaries of foreign companies in relaxing anti-trust penalties for joint production ventures.

The bill, introduced by Congressman Jack Brooks and Senator Patrick Leahy, was hailed by President Bill Clinton as "just the kind of forward-thinking initiative we need." With White House backing, it is expected to move swiftly through Congress.

The National Co-operative Research Act Extension is modelled on legislation passed in 1984 which allowed US companies to join together for research and development. This made way for the formation of Sematech, an industry-government venture which has been credited with helping to restore the US lead in semiconductor manufacturing technology.

Now, said Mr Clinton, it is "altogether appropriate to lift the legal barriers that prevent good companies from playing to win in the global market – provided, of course, that our anti-trust laws continue to prevent improper collusion."

The legislation removes the threat of treble damages in anti-trust violations providing that the joint ventures' principal production facilities are located in the US. The companies must also be American or from countries which "treat US companies fairly under their anti-trust laws governing joint production ventures".

A Congressional aide declined to say which foreign governments deny US subsidiaries "fair treatment".

Lawyers say this creative use of "reciprocity" for anti-trust exemptions will discourage foreign participation in joint ventures or throw into the courts the difficulty of determining which countries accord "fair treatment" to subsidiaries of American companies abroad."

"The ambiguities undermine the aims of the anti-trust laws – to encourage efficient economic activity and to promote consumer welfare," said one Washington lawyer. "Faced with these unresolved questions, many US companies may simply forego joint ventures with certain foreign parties."

Wholesale prices rise by 0.4%

By Jurek Martin

WHOLESALE prices in the US rose by 0.4 per cent in February compared with January, the largest monthly increase in more than two years but not necessarily a harbinger of new inflationary pressures.

Behind the increase in the producer price index – double the 0.2 per cent advance of January – were more expensive home heating oil, petrol, tobacco and new cars. Overall, the energy component of the index went up by 1.7 per cent.

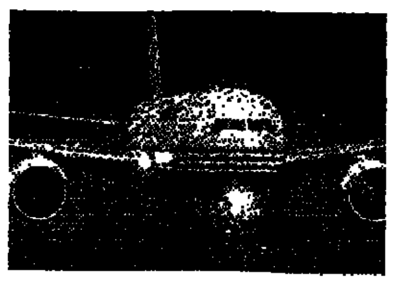
Food prices, on the other hand, were generally slightly lower, with bigger falls recorded for a wide range of fruit and vegetables. Prices for finished goods other than food and energy, both subject to greater volatility, rose by 0.3 per cent in the month, under the 0.4 per cent increase of January.

Consumer prices in January rose by 0.5 per cent. The February report is due out next Wednesday and will be keenly watched for any evidence of an inflationary trend taking hold as the economy continues its recovery.

However, the consensus economic view, reinforced by the congressional testimony of the 12 regional presidents of the Federal Reserve system on Wednesday, remains one of relative price stability this year, though with some increases in view next year.

Meanwhile the Senate budget committee on Thursday night approved a resolution with more ambitious deficit reduction targets than proposed by President Bill Clinton.

More significant than the numbers, at this stage only notional guidelines since no actual programme cuts have been considered by Congress, is the fact that Democrats on the committee held the line in turning down no fewer than 34 Republican amendments.



Liberal judge to quit supreme court

By Jurek Martin

JUSTICE Harry Blackmun, one of the two most liberal members of the US Supreme Court, has said he expects to retire soon.

The 84-year-old Nixon appointee also announced that he thought Justice Byron White, the only Democratic appointee on the court but now one of its more conservative voices, might also soon quit. Last week the Washington Post reported that Justice White had hired no new office interns for the term beginning after the summer.

Justice Blackmun and Justice John Paul Stevens, named by President Ford, have operated to great effect in a court intended by Presidents Reagan and Bush to acquire a more conservative mould. Their judicial alliances with Justices Sandra Day O'Connor, David Souter and Anthony Kennedy, three swing votes who have sometimes confounded conservative expectations, have often frustrated the doctrinaire right wing judicial agenda on issues like abortion.

If the two justices retire, President Bill Clinton would be the first Democrat to make Supreme Court nominations since President John Kennedy appointed Justice White in 1962.

Other departures are possible, but Justice Blackmun said that unless Mr Clinton won a second term, when more vacancies might occur, he thought conservative predominance on the Supreme Court could last until the next century.

Mr Clinton is unlikely to find a judge more progressive than Justice Blackmun, though Justice White has more often than not voted with court conservatives. Mr Mario Cuomo, the governor of New York, is among those regularly mentioned as a possible Clinton nomination.

Pérez: secret fund claim

Venezuelan president faces fraud ruling

By Joe Mann in Caracas

VENEZUELA'S attorney general has asked the Supreme Court to rule whether President Carlos Andrés Pérez can be charged with fraudulent use of $17m (£11.9m) in government funds.

The attorney general, Mr Ramon Escovar Salom, asserted in documents filed with the High Court that Mr Pérez and two former ministers misused funds from a secret state account managed by the president, the minister of the interior and a limited group of high officials.

However, the constitutional grounds for such unprecedented action in pressing criminal *charges against* a *sitting* president are not clear in Venezuela.

Mr Pérez began his five year presidential term in February 1989.

Accord cuts use of aid as sweetener for trade deals

By David Dodwell, World Trade Editor

WESTERN countries' use of aid as a "sweetener" to help companies win contracts overseas has fallen sharply in the past year, according to aid donors meeting in Paris this week.

The value of tied aid, and other credits seen as trade boosting, fell from $10bn in 1991 to $4bn last year, according to the Organisation for Economic Co-operation and Development.

The improvement follows the controversial introduction in February last year of the so-called Helsinki accord, which banned the use of tied aid for projects that are "commercially viable", or in better-off developing countries. It called for close monitoring of contracts where there is suspicion that aid is being mixed with commercial financing to help companies win tenders.

More than 300 such projects were notified during 1992, but only 30 needed detailed examination. Of these, fewer than half were found to break the new rules, an OECD official said.

"There has been a tremendous shift towards credits that are less suspect of being trade motivated," the official said, noting at the same time that the slump between 1991 and 1992 may have been exaggerated by governments pushing sensitive loans through in 1991, ahead of the Helsinki accord deadline.

Aid donors, in particular the US, fought hard throughout 1991 for the reforms, which are intended to ensure aid funds are used for proper aid purposes, rather than as covert subsidies for exporters.

Controversy erupted just two weeks before the ban came into force, when Spain launched large export credit lines to Venezuela and Mexico – neither of which are eligible for tied-aid funding under the Helsinki rules. Spain was not forced to withdraw the credits, with a compromise agreed under special transitional rules.

There was uncertainty throughout last year over whether governments would change practices, not least because of difficulties in defining whether a project was "commercially viable".

A UK aid official said yesterday that power *projects* remained difficult to define: "Some donors argue power plants should be commercially viable in a market economy, but tied aid has been heavily used for these investments in the past."

Smith heaps scorn on Tory 'chaos'

By James Buxton, Scottish Correspondent

MR JOHN SMITH, the Labour leader, yesterday heaped scorn on Mr John Major, the prime minister, comparing him to a rabbit caught "blinking in the glare as the juggernaut of slump and recession comes bearing down on him".

He told the Labour party's Scottish conference in Inverness: "You point out to him, as kindly as you can, that he should be doing something, but still he blinks and he bleats that his critics are talking the country down."

It had been a remarkable week in British politics, Mr Smith said. "We have witnessed the chaos at the heart of this government." The humiliating defeat on the Maastricht vote was self-inflicted because Mr Major had refused to accept Labour's amendment on the composition of the European council of the regions.

Instead Mr Major had been "anxious to display his tactical skills as a dazzling political leader" and had taken on the Tory rebels at Harrogate last weekend. "On Saturday he blustered that the Tory party must unite or be defeated. On Monday in the Commons he got his answer in the division lobby."

Mr Smith delighted his audience by attacking the Scottish National party for voting with the government on Monday as a result of a "shady, backstairs deal" with Mr Ian Lang, the Scottish secretary. "Even from our flexible friends in the SNP it was a remarkable display of opportunism," he said.

This week's discomfiture of the SNP has boosted the morale of the conference. This is in spite of it being Labour's first Scottish conference since the general election defeat, in which its share of the vote in Scotland went down 3 percentage points to 39 per cent and it lost one seat.

Mr Smith ridiculed the government's white paper on the government of Scotland, which contains plans for greater use of the Scottish grand committee of Scottish MPs, and more administrative devolution to the Scottish Office. "It takes some believing that this timorous tokenism is the sum total of the government's vision of Scotland," he said.

He was involved in drafting Labour's plans for a Scottish assembly when he was in government up to 1979 and yesterday emphasised his belief in devolution. Mr Smith said Labour would settle for nothing less than a Scottish parliament which would involve the transfer of legislative and political power from London.

A Labour government would within its first year carry through the Commons the act to establish a Scottish parliament. It would also set up an assembly in Wales and regional governments in England.

Pensioner George MacDonald, 84, puts across the SNP viewpoint to a Labour supporter in Inverness

Operation Cheetah will continue its hunt

Derek Hatton's acquittal does not mean an end to the investigation

YESTERDAY's acquittal of Mr Derek Hatton and his three co-defendants on fraud charges comes nearly 10 years after he led a group of councillors from the far left of the Labour party to take control of Liverpool City Council. The prosecution at Mold Crown Court in Wales was part of Operation Cheetah, a Merseyside police fraud squad investigation, which in three years involved 23 arrests and threw a cloud of suspicion over Liverpool City Council.

Even now, the police have said that the operation will continue.

At one stage, more than 30 officers were involved. Police went to the US, Spain and Ireland – at home, they raided the offices and homes of senior executives and directors of leading companies.

Only one executive was charged – Mr Roy Stewart, managing director of Rogersons Developments, a building company. Mr Stewart was discharged on the judge's direction last week at the end of the prosecution case.

Mr Hatton was alleged to have improperly used his influence with two former councillors – Ms Hannah Folan and Mr John Nelson – to help ensure sites for carparks were leased to Mr John Monk, Mr Hatton's tailor.

Mr Nelson, who formerly chaired the council's planning committee, was one of 47 Labour councillors disqualified from office in March 1987 for alleged financial mismanagement along with Mr Hatton. Ms Folan was one of the Labour replacements elected the following May. She chaired the estates sub-committee, which deals with lettings, but left the council in 1991.

Mr Hatton, always dapper and well-dressed, was a prominent customer of Mr Monk, whose tailoring business was near the offices of Settleside, Mr Hatton's PR company.

All the defendants exercised their right not to give evidence at the end of the prosecution case, which revealed that deals to sell or lease Liverpool's assets were often negotiated and not always advertised.

Since the prosecution was alleging Liverpool had been defrauded because it might have got more by leasing the carpark land to someone other than Mr Monk, lack of certainty about prices and methods of deciding them was crucial. Not surprisingly, the jury – after 7½ hours of deliberation – refused to convict on the evidence.

In Mr Hatton's heyday, Liverpool City Council was notionally led by Mr John Hamilton, a Labour moderate and kindly Christian and headteacher who thought he could control the far left, but soon found that real power lay with Liverpool's district Labour party, which often told the caucus of Labour councillors what to do.

The real leader was Mr Hatton, Mr Hamilton's deputy. Mr Hatton, a charismatic figure, and natural orator and showman was a social worker employed by the neighbouring borough of Knowsley. He admitted that he supported the ideas of the Militant, a weekly publication describing itself as "The Marxist newspaper for Labour and Youth".

The council borrowed from foreign banks to fund its policy of economic regeneration through building council houses. In 1985, with little money left to pay wages, the leadership tried to make more than 30,000 employees redundant.

In one of his strongest speeches, Mr Neil Kinnock, then Labour leader, denounced the Liverpool leaders' behaviour as "grotesque". Mr Kinnock then set about removing what had become an electoral liability. The district Labour party was suspended and a purge began.

The government also acted. In 1987, 47 Labour councillors were disqualified from public office for five years and surcharged for alleged financial mismanagement. The surcharges – which with legal costs eventually exceeded £700,000 – were paid after several years of fund-raising in the Labour and union movements.

Out of office, Mr Hatton continued to make a living as a media personality, star of TV commercials and public relations consultant.

His company, Settleside, offered lobbying services founded on an intimate knowledge of local government. It went into liquidation after Operation Cheetah began and publicity drove its corporate clients away. Its legacy for Mr Hatton is understood to be a well-financed pension fund that liquidators cannot touch and which will ensure an affluent retirement.

But Mr Hatton still has a bill likely to run into thousands of pounds to settle first – the judge yesterday refused him costs.

Ian Hamilton Fazey

Horton's BP pay-off was £1.53m

By Lucy Kellaway

MR ROBERT Horton yesterday officially joined a select club of executives who have picked up seven-figure sums after parting company with their employers. BP's annual report showed that he was paid £1.53m on his departure as chairman and chief executive last year – £780,000 in compensation and £722,740 in a special pension payment.

The other members of the club include Sir Ralph Halpern, the former head of Burton who received about £2m; and Mr Peter Scott who was paid about £2m on his departure from Aegis, the media buying group.

The size of the BP pay-off has revived shareholder anger over severance pay. Institutions questioned whether top executives should be on three-year service contracts, although they said the case of Mr Horton did not mark one of the worst cases.

Under the present system the service contract is taken as the basis for calculating severance pay. Until recently the contract for top executives was frequently as long as five years, although the Cadbury committee on corporate governance last year recommended a maximum of three years.

Mr Paddy Linaker, chief executive of M&G, the fund management company, said: "We think Cadbury was on the lenient side – one year is perfectly adequate in most cases."

The size of a pay-off is adjusted according to the likelihood of a director obtaining a new job at the same wage. This leaves a lot of room for argument.

Mr Chris Osman, of solicitors Clifford Chance, said: "There is no such thing as the going rate for severance pay. For a three-year contract, 18 months to two years might be reasonable for people not eminently employable elsewhere."

In 1991 Mr Horton received a basic salary of £480,000 and a bonus of £307,000.

Teachers told to boycott testing

MEMBERS of the NAS/UWT, the second-largest teachers' union, have been instructed to boycott testing and assessment connected with the national curriculum in England and Wales, John Willman writes. This follows a ballot in which an overwhelming majority voted for the action.

The action is unlikely to affect this year's tests, now under way, for seven-year-olds, as the union has few members in primary schools. However, it could disrupt the tests in the summer of 14-year-olds, including the introduction of the controversial new English tests.

Mr John Patten, education secretary, last night said that it was a sad decision which would harm children's education.

The NUT, the largest teachers' union, is to ballot its members in May over a boycott of the English tests for 14-year-olds.

£3.9bn help urged for low-paid

A £3.9bn package of support for the low-paid financed by modest tax increases on high-income earners will be proposed today by the Low Pay Unit in a submission to the chancellor.

The proposals include raising tax allowances and age-related personal allowances by £350, changes in national insurance contributions and a £1-a-week increase in child benefit.

Growth in sales of soft drinks

THE SOFT drinks market returned to growth last year after a 6 per cent decline in sales volumes in 1991, according to a report by Britvic Soft Drinks. Consumption rose by nearly 1 per cent to 8bn litres, with an estimated retail value of £5.5bn.

The report forecasts further growth of 1 per cent this year and estimates that volumes will increase 20 per cent to 9.7bn litres by the end of the decade.

Cunningham expenses decision

NO ACTION is to be taken against Mr Jack Cunningham, the shadow foreign secretary, following an investigation into his campaign expenses for last year's general election, Cumbria police said yesterday.

City settles on the way ahead after Taurus

Richard Waters on suggestions for handling share transactions

THERE was a surprising unanimity in the City yesterday over what should replace Taurus, the Stock Exchange's proposed settlement system, which was declared dead on Thursday.

Different sections of the securities industry have different interests, but there seemed to be agreement over the general direction that future development should take.

First, individual shareholders should be left out of the first stage of the development. Taurus had been conceived from the point of view of institutional investors, and getting the large volume of private shareholdings on to an automated system would add to the complexity and cost.

Second, the Stock Exchange already has an automated settlement system which could be adapted to handle much of what Taurus was meant to do. Called Talisman, it was introduced as long ago as 1979 and is used to settle bargains between marketmakers. Each marketmaker has a nominee account in which they group together all their holdings.

In theory, institutional investors could be offered such accounts, as could a stockbroker which maintained a nominee account for its clients – in effect allowing a retail stockbroker to take part in the automated settlement system.

Third, the stock market should move quickly to a system of "rolling settlement". Share bargains are now settled once a fortnight: under rolling settlement all transactions would be settled a set number of days after they took place. With institutional investors in Talisman, the settlement cycle could be as little as five or even three days. Individual investors, outside the system and still using share certificates, could settle on a 10-day cycle.

The idea of different settlement cycles was discussed during the Taurus project. At that time marketmakers agreed that the different cycles would not lead to institutional and private investors buying and selling shares at different prices.

There was less agreement yesterday on how, if shares were held in nominee accounts, companies could draw up complete share registers as they are legally obliged to do. Companies would be able to comply with their legal obligations by drawing up a register which simply showed the amount of their stock held in each nominee account.

To find out more, companies would have to employ agents to make inquiries of each nominee to draw up a complete picture of their share registers. However, this private register would take time to compile and would be unavailable to an outsider.

One way round this would be a central registry, which would construct a complete record of a company's shareholdings.

Technically this would be easy to achieve. A system already developed by a UK registrar could be bought by an independent clearing house and run for the interests of the City as a whole.

This would put the existing bank-owned service registrars out of business, and could severely curtail the operations of the bank-owned custodians. But the Bank of England has made it clear that some interests are likely to be trampled in the pursuit of a quick and cheap solution.

Fulham FC in GMB strip

By David Goodhart, Labour Editor

THE GMB general union yesterday agreed a sponsorship deal with Fulham Football Club, the first ever by a trade union. In exchange for a little less than £10,000, the players at the Division II west London club will wear the GMB logo on their shirts for the last 12 games of the season, of which three will be televised, and the union will be able to use the club's hospitality box for negotiations.

Fulham has had mixed fortunes. The England star Johnny Haynes, the first £100-a-week footballer, helped to keep the club at the top in the 1950s and 1960s but it later became better known as a pre-retirement stop for players such as George Best, Bobby Moore, and Rodney Marsh. It is now mid-table in the second division and has just secured its future with a lease arrangement for its ground.

The union is backing Fulham partly because it is cheap and partly because the club is inoffensive enough not to arouse hostile feelings in the GMB's football-following members. The idea came from the local Hammersmith branch – the union claims more than 4,000 members in the borough of Hammersmith and Fulham.

Mr Paul Kenny, the union's London secretary, hopes the deal will show that "modern trade unions are an important pillar of the community".

The GMB has a long history of involvement with sport. Mr Tom Burlison, its deputy general secretary, is a former professional footballer, and the union provides advice to several sports associations.

Business condemns 'snub' by ministers

By Charles Batchelor

THE GOVERNMENT was accused yesterday of snubbing Britain's largest small-business organisation by failing to send a minister to the annual conference of the Federation of Small Businesses.

The 58,000-member federation said this was the first time in many years that a minister had not attended its conference in Bournemouth, which ends tomorrow. Three hundred delegates have attended for debates on subjects such as the recession, the role of small businesses in economic recovery, the Maastricht treaty and the Budget.

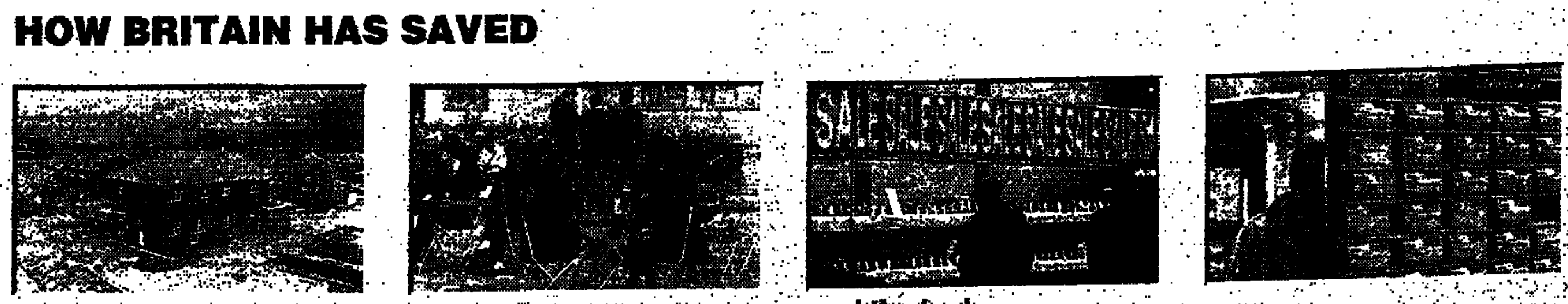
"It is a snub," said Mr Ian Handford, chairman of the federation's policy unit. "It confirms our view that the government is paying lip service when it comes to practical policies for small firms.

"We have more members than the CBI and the Institute of Directors put together and we feel a minister should have been here to listen to our views."

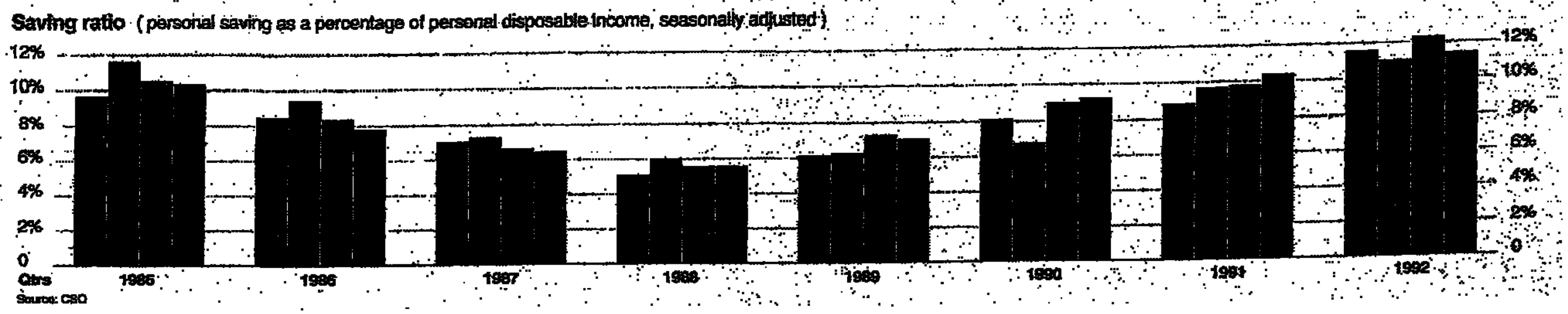
The federation said it had asked Mr John Major to attend, but the invitation had been passed on to Baroness Denton, small firms minister at the Department of Trade and Industry. They finally invited Mr Bill Cash, a Tory Euro-rebel MP, who accepted an invitation to talk about the Maastricht treaty.

The DTI said the invitation had reached Baroness Denton only a month ago and she could not change her programme, which involved visits to Devon and Cornwall.

HOW BRITAIN HAS SAVED



In the good times ... and the bad



Source: CSO

Fall in savings points to recovery

By Emma Tucker, Economics Staff

INDIVIDUALS were less inclined to save in the final quarter of last year, a trend consistent with evidence of a modest recovery in consumer spending.

Figures published yesterday showed that the savings ratio, which measures personal savings as a percentage of total income, dropped from a seasonally adjusted 12.3 per cent in the third quarter to an adjusted 11.4 per cent in the fourth quarter.

The fall, which coincided with several reductions in UK interest rates, took the ratio back to roughly the same level as it was at the beginning of the year. The drop was widely expected as high redundancy payments in the third quarter had boosted the savings ratio to an eight-year high.

For last year as a whole the ratio was 11.6 per cent, compared with 9.7 per cent in 1991.

The Central Statistical Office figures also showed that personal disposable income rose a slim 0.3 per cent in the final quarter compared with the third. An increase of 1 per cent in prices over the same period, however, meant that in real terms, personal disposable income was 0.8 per cent lower. Compared with the same quarter in 1991, real personal disposable income was 2.5 per cent higher.

Consumer expenditure in the final quarter rose by 1 per cent and by 3.9 per cent compared with the same quarter the year before.

The state of company finances continued to improve on an annual basis with seasonally adjusted figures from the CSO showing a financial deficit of £10.5bn last year, compared with £11.1bn in 1991. However, this was less than half the size of the deficit in 1989 when it was £22.7bn.

In the final quarter the deficit narrowed to £1.4bn from £1.7bn in the third quarter.

Gross trading profits of the corporate sector, net of stock appreciation, stayed at about £19.7bn in the final quarter. The figure was maintained by North Sea oil companies' gross trading profits which increased by 18 per cent from £1.5bn in the third quarter to £1.8bn in the fourth.

Trading profits from non-North Sea oil companies fell in the final quarter compared with the third quarter from £18.2bn to £17.9bn.

OUTPUT in every sector of the UK economy, excluding oil and gas extraction, was flat or falling in the final quarter of last year, according to official figures released yesterday.

Revised data from the Central Statistical Office confirm that gross domestic product rose by 0.2 per cent in the last three months of 1992, compared with the previous quarter. This left GDP up 0.1 per cent on the same quarter a year earlier.

GDP excluding oil was flat quarter-on-quarter, compared with a provisional 0.1 per cent fall. It was 0.1 per cent lower than a year ago.

Many analysts are confident that the revised figures are consistent with an economic turning point. Mr Kevin Gardiner of S.G. Warburg said he now expected to see forecasts for growth this year nudge upwards.

According to Consensus Economics, a consultancy, the latest mean forecast for growth this year among City economists is 1.1 per cent. This compares with the Treasury's forecast of 1 per cent, and last month's consensus of 1 per cent.

The figures also confirmed that domestic demand fell by 0.3 per cent in the final quarter compared with the previous quarter, after five successive quarterly gains.

The drop in domestic demand reflected a sharp increase in the rate of destocking. Inventories fell by £711m in the fourth quarter after falls of £495m and £299m in the second and third quarters respectively.

JCB wins right to build factory

By Paul Cheeseright, Midlands Correspondent

THE government is to allow J.C. Bamford Excavators, one of the UK's largest privately owned groups, to build a plant in the green belt near Cheadle, Staffordshire.

The decision, announced yesterday by the Department of Environment, overrides the recommendation of Mrs Mary McClune, the planning inspector who last September held a public inquiry and concluded that JCB's application should be rejected.

The government has thus breached its normal planning restrictions on developments in the green belt. Planning policy hitherto has discouraged green belt developments in favour of encouraging the redevelopment of inner-city areas. This policy was emphasised, especially in the home counties, by Conservative politicians before the last general election.

The planned JCB plant, covering 15,220 square metres, would house JCB Special Products, making skid steer loaders and small back low loaders presently manufactured at Uttoxeter, Staffordshire.

In a letter to Kent Jones and Done, JCB's solicitors in Stoke-on-Trent, the environment department noted that the development was "inappropriate" but said that "in this most exceptional of cases" economic benefits outweighed such harm as might be caused to the green belt.

JCB's application was supported by Staffordshire County Council.

Industrial espionage laws placed under surveillance

John Mason on questions raised by the NCP trial and the furtive methods used by security companies

THE two defendants in the National Car Parks industrial espionage trial walked free from the Old Bailey yesterday – but left behind them calls for reform of the law about the secretive methods used by private security organisations in the commercial world.

Mr Gordon Layton, chief executive of NCP, and Mr Simon Hewitt, a former manager with KAS, the security firm hired by NCP to spy on a business rival, were acquitted of conspiracy to defraud.

That followed a two-month trial in which details of their spying operation were never in dispute. The operation included surveillance of directors of Europarks, the target company, rifling of dustbins and briefcases, and the use of infiltrators to obtain confidential financial information.

Under the law, none of these techniques is illegal in itself. The law is broken only when the intention is to damage the interests of the target company. In this case the prosecution agreed there was no evidence that Europarks had suffered as a result of the espionage operation.

Calls for clarification of the law were led by lawyers acting for Mr Layton who had rested their defence on the assurances given to him by KAS that its methods were legal.

The calls were echoed by solicitors from other law firms which have been frequent, if discreet, hirers of private security firms. "The law is unclear," said one solicitor. "There has also been the temptation for us to be somewhat disingenuous about how information is obtained – that must now change."

Mr Layton first heard of KAS, the security firm formed by the late Sir David Stirling, founder of the Special Air Service, in late 1986. The firm employed several former members of the regiment.

Mr Layton had become concerned about the inroads Europarks was making into NCP's dominance of the car-parking market. He suspected that Mr Steven Tucker, Europarks chairman, was undercutting NCP to win prime-site contracts by obtaining inside information from NCP.

A meeting with Sir David was arranged and Mr Layton, impressed by the organisation's SAS background and its claims to offer the "Rolls-Royce" of corporate investigations services, hired KAS to investigate both Europarks and security within NCP. But Mr Layton had apparently misjudged KAS.

In the security business KAS had acquired the reputation of a poorly managed concern, still wrapped up in the mythology and thinking of its SAS ancestry. One witness told the court that considerable time was once spent discussing how the company should defend itself against a possible IRA attack on its Mayfair offices.

The staff at KAS may have been highly trained, but the organisation lacked the managerial control to question properly the wisdom or legality of applying techniques of covert military work to the commercial world, said the director of one security firm.

But however bizarre and badly managed KAS may have been, it did ultimately succeed in discovering the most confidential financial secrets of its rival.

The operation was headed by Mr Ian Crooke, a former colonel in the SAS. He would have appeared in the dock alongside Mr Layton and Mr Hewitt, but has remained in South Africa beyond the reach of the UK's extradition powers.

Early in 1987 Mr David Paterson, who before joining KAS had once been a Rhodesian policeman, carried out initial investigations and said he could find no evidence of dirty tricks by Europarks. Its success, he reported, was based on trimming all its costs down to the absolute minimum.

This did not satisfy Mr Layton. He ordered KAS to maintain surveillance on Europarks. For the next year Mr Tucker, his family and other Europarks directors were closely followed by KAS staff. This provided little information except worthless tittle-tattle.

So, in February 1988, KAS stepped up its operation. Realising it needed an insider to obtain the information it wanted, the firm set about trying to infiltrate Europarks.

A KAS employee, known during the trial as "Witness E", obtained a job as a kiosk manager at Europarks' Heathrow offices. But he was in too low a position to get the information needed. What was necessary, KAS decided, was an insider in Europarks' management.

By May 1989 Mr Crooke had left Britain to look after KAS's anti-poaching activities in southern Africa. Mr Simon Hewitt, a member of the Territorial Army SAS, was brought in as a replacement manager and took charge of the NCP account.

He recruited Ms Jane Turpin, a former Army captain, to KAS. Using a false CV, she secured a job with Europarks as Mr Tucker's personal assistant.

With free access to his offices there was little she could not obtain. In six months she provided a welter of confidential information about the company's finances. It was crucial information, which, Mr Tucker said, laid bare the soul of his company.

Ms Turpin – who but for health reasons would also have been prosecuted – left Europarks in November 1989, and the operation, which had cost NCP more than £46,000, was wound up.

The operation would never have come to light but for a dispute within KAS. Mr Hewitt had not proved a popular choice with his colleagues and, in early 1990, he was sacked. He approached a Sunday newspaper with the NCP story, which appeared in print in June 1990. The day before, when approached for his reaction, was the first time that Mr Tucker had heard anything of the three-year operation against his company.

The calls for clarification of the law on industrial espionage may not be easy to carry out. The issues are complex, particularly the question of using pretexts, said Mr Stephen Smith, a director of Carratu, an established security firm.

To him the KAS operation was ill-advised and one whose objects could have been reached equally well using methods that were more acceptable and clearly legal.

But he questioned whether infiltration was a significant problem compared with other, more obviously illicit activity. Leaving aside industrial espionage, more information is obtained by companies prepared to use the illegal technique of old-fashioned bribery, he suggested.

Government seeks to allay 'mad cow' disease fears

By Clive Cookson, Science Editor

GOVERNMENT veterinary and health experts were yesterday putting out reassuring messages about bovine spongiform encephalopathy (BSE), or "mad cow" disease, in the face of growing public anxiety.

One cause of concern is that the number of cases is continuing to rise, in spite of forecasts from the Ministry of Agriculture that the incidence would peak last year and then decline rapidly. Farmers reported 8,581 animals with BSE during the first nine weeks of this year compared with 8,099 in the same period last year.

Another fear is that BSE could cause illness in humans. It was revealed this week that Mr Peter Warhurst, a dairy farmer whose herd had a BSE case in 1989, died last year of Creutzfeld-Jacob disease. Both BSE and CJD are caused by mysterious particles of infectious protein called prions.

Dr Robert Will of Western General Hospital, Edinburgh, who is monitoring all CJD cases in the UK for the Department of Health, drew attention to the case in the Lancet, a medical journal. He says he now regrets writing to the Lancet because of the unnecessary alarm caused.

Statistical analysis, taking account of the average national incidence of CJD and the number of people working on BSE-affected dairy farms, shows that the probability of one CJD case having occurred among the latter group by chance is about one in 20.

Even so, Dr Will believes that Mr Warhurst's disease was a coincidence not related to BSE exposure. His study has shown no change in the pattern of CJD since BSE started and no other cases among people working with cattle, such as abattoir staff or vets.

Dr Kenneth Calman, chief medical officer, yesterday repeated the official advice that beef can be eaten safely: "There is no scientific evidence of a causal link between BSE in cattle and CJD in humans."

Fishermen call for EC ban on imports of Russian cod

By Jimmy Burns

FISHERMEN's leaders yesterday called for a European Community import ban on Russian cod but held back from supporting a blockade of ports.

Officials of the National Federation of Fishermen's Organisations, which represents most fishermen in England and Wales, called for the ban during a meeting in Grimsby, where fishermen this week stopped lorries from delivering Russian fish to the local market.

The decision not to back a more widespread campaign of protest action reflects the wish of fishermen's leaders not to fuel the kind of violent protests that have occurred in France.

The UK Association of Frozen Food Producers yesterday warned that any import ban could lead to a shortage of fish by the summer.

Mr Geoffrey Molloy, the association's chairman, said: "Banning cod imports will not help the consumer and will certainly not help prices. The increases in landings which the fishermen complain about are, in fact, caught by UK fishermen themselves."

The Ministry of Agriculture, Fisheries and Food said yesterday that the government would not back the fishermen's call for a ban at next week's EC council of fisheries ministers.

"We need to look after the fish-processing industry . . . It is a big business in the UK," the ministry said.

Mr Stephen Pearse, assistant port manager at Grimsby, warned yesterday that action might have to be taken against fishermen if the unofficial blockade began to affect the port's business. He added that the blockade this week was not as big as some reports had suggested.

NEWS: UK

What signs of life for the British economy?

With the Budget three days away, Financial Times reporters have taken the temperature of Britain to see whether economic recovery really is under way. There are some grounds for optimism but a good deal of uncertainty remains

IT IS 17 months since Mr Norman Lamont, the chancellor, told his party faithful in Blackpool: "The green shoots of economic spring are appearing once again." One year ago, Mr John Major, the prime minister, assured an election campaign meeting in Nottingham: "The recession will end when the election is over."

Their premature optimism has haunted them ever since.

Next week, Mr Lamont presents his third Budget and risks derision if he is bold enough to claim that revival is under way. But, this time, there could be something in it. A clutch of figures published in the past few days suggest that the longest recession since the 1930s may be ending.

Housebuilders report sales rising by more than a fifth in the first eight weeks of the year. Registrations of new cars rose by 16 per cent in February, though only against the worst monthly sales figure since 1976.

The appetite for buying on credit also appears to be improving, with consumer borrowing rising in January to three times the level expected.

Some of the latest company results for 1992 have pleasantly surprised the City and have been accompanied by increasingly optimistic forecasts.

But there have been several false dawns. As Mr Joe Logan, managing director of Scotsman Publications, says: "You get green shoots at this time of year. But you can also get five degrees of frost."

The brighter his view of underlying economic prospects, the more prepared the chancellor will be to consider unpopular measures in his attempts to narrow the widening gap in government finances. The more fragile the economy remains, the less willing he will be to contemplate any measures capable of sabotaging recovery.

So as the chancellor fine-tunes his "make-or-break" Commons statement, the Financial Times has sought to test the business mood of the nation to see if recovery is really under way and, if so, to what extent.

The first impressions are of a country which believes the worst really is over, that the economy has bottomed out. Parts of the north have escaped the harshest effects of the recession and report improving conditions. Mr Trevor Furlong, managing director of the port of Liverpool, says: "We are coming out the other side."

In the south, confidence has taken such a battering that signs of limited improvements in economic activity are treated with scepticism. Throughout the country, there is nagging uncertainty about what happens next.

Consumer confidence is hailed by politicians and industrialists as the all-important missing ingredient for recovery. So far, it remains in short supply. The position is encapsulated by Mr Ian Lawrie, a Nottingham department store manager: "Trade is fragile, fickle, undependable but, tantalisingly, showing little glimpses of improvement."

Not surprisingly, the outlook for employment – among the last beneficiaries of revival – remains generally bleak.

Manufacturing industry is slowly regaining its confidence. Express Engineering, a family-owned engineering business in Gateshead, says some orders are up three times on a year ago, most of them from UK companies planning to boost output.

Mr Christopher Moore, managing director of Rigby Maryland, a West Yorkshire wire manufacturer, reports his "best January ever" with a good February to follow. More jobs are to be created.

Profits are another matter: "Profitability – what's that word?" asks Mr Alan Armitage of Armitage Engineering in Washington, Tyne and Wear: "The name of the game is survival. The nicest thing anybody in accounts could ever say to me is 'You've broken even'."

A steady improvement in commercial activity is reflected in the volume of national telephone traffic. Both fixed and mobile telephone networks point to more domestic and business calls. There are more new connections and customers are spending more despite some cuts in charges.

Parts of the packaging industry are seeing signs of an upturn, but it is difficult to draw conclusions. Moreover, as the industry supplies much of what it produces to the food industry, it has been cushioned to some extent from the recession.

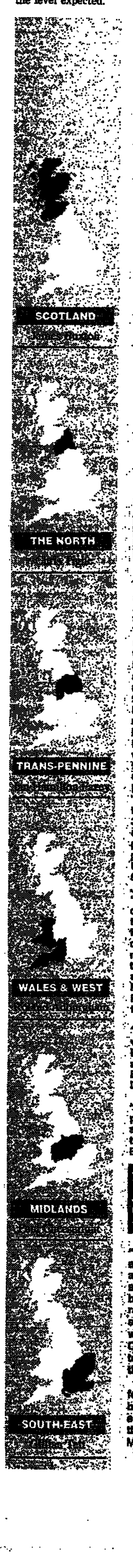
Mr John Cobring, marketing manager at United Glass, one of the UK's largest glass container manufacturers, said sales grew 1 per cent last year. But after a quiet January, sales in February were up 4 per cent on the previous February.

The housing market, which heralded the arrival of the recession, is also expected to lead the economy back to higher ground. Here, there are real grounds for encouragement.

Residential property markets are increasingly active and, most importantly, this time the trend appears as though it is being sustained. Builders are again selling and mortgage lending is rising, though prices may not respond for a long time. Mr Mike Jackson, chief executive of Birmingham Midshires Building Society says "business is on the up", with mortgage offers in early 1993 tripling from a year earlier. Mr Jim Philbin of Norwich and Peterborough Building Society reports a big upturn in interest which has "taken us a bit by surprise".

Britain has been waiting so long for good news, it seems, that it might take some considerable time for evidence of any lasting upturn to sink in.

Main report by Michael Cassell with additional research by Neil Buckley.



SCOTLAND

EMPLOYMENT

"There's more demand in Scotland for long-term contract staff in office clerical jobs and for industrial jobs, especially in assembly and manufacturing.
"The position in the last three months is significantly healthier than it was a year ago. Demand for manufacturing staff in the Scottish electronics industry was notably strong."
Kathy McDowall, regional manager for Scotland and Newcastle, Manpower emploment agency

PROPERTY

"We're very busy at the moment. There's been no uplift in house prices but there's a lot more movement in the market - the standard of living of people in work is holding up well."
David Land, TSB Bank, Edinburgh

TSB is probably Scotland's biggest mortgage lender. The number of mortgages it processed and completed in the three months to the end of February was up by 35 per cent compared with the same period last year.

INDUSTRY

SCOTTISH HYDRO-ELECTRIC **+3%** industrial sales*

Scottish Hydro-Electric, which provides power to the north of Scotland, reports a three per cent increase in industrial sales between the last quarter of 1992 and the last quarter of 1991.

* last quarter 1992 against last quarter 1991

ScottishPower meets three-quarters of Scotland's industrial consumption.
"We have seen no significant variation in industrial demand between the past three months and the same period a year ago."
Ian Preston, chief executive

RETAIL

JOHN LEWIS **+3.3%** TURNOVER*

"I sense a pent-up optimism here, a wish for things to get better. But while the Edinburgh store tended to be strong throughout 1992, In the last five weeks we have struggled a little. Sales increases averaged 5 or 6 per cent for much of the last financial year, but were only 3.3 per cent for the first four weeks of the new year. Furniture and carpet sales have held up and the appetite for consumer electronics is astonishing."
Russell Husband, MD, John Lewis, Edinburgh

SERVICES

Newspaper advertising: Scotsman Publications publishes The Scotsman, Scotland on Sunday, the Edinburgh Evening News and local papers
"You get green shoots at this time of year but you can also get five degrees of frost. January was very slow for advertising but February was up on last year. There's a strong upturn in the used car market and some recovery in situations vacant. Retailers are taking more display advertising. Property advertising for mature houses is dragging, and hotels and restaurants are slow."
Joe Logan, MD

LOCAL BAROMETER

Traffic on Forth Road Bridge: The number of vehicles crossing the bridge rose by 5 per cent in 1992 but was almost unchanged at 3.9m in the three months between November and January.
"We had very bad weather and high winds for much of January, but February should show a one and half per cent rise."
Jim McColm at the bridge office

THE NORTH

"We're definitely significantly better than this time last year. Increasingly placings are on a contract rather than a temporary basis. The two most buoyant sectors are for clerical and industrial contract work, unskilled and semi-skilled. We'd rather not give any figures - we work in a very competitive marketplace."
Kathy McDowall, Manpower

JOB VACANCIES	Jan'93	Jan'92
Newcastle	566	338
Sunderland	386	311
Middlesbrough	152	216

Dept. of Employment

"In the past two months there's been a bit of an increase in work in domestic conveyancing but it's been a little bit patchy. There's certainly no sustained improvement."
Fred Wilson, partner, Dickinson Dees. The north-east's largest solicitors, it employs 230 in Newcastle

"Our busiest department by far is the litigation department. That's a comment on the state of the world in general. Every penny counts. The commercial department, in contrast, is pretty quiet."
John Tilly, managing partner, Tilly, Bailey & Irvine. Hartlepool-based and founded 1841 to cater for the town's then thriving shipping sector.

Northumbrian Environmental Management is a waste management subsidiary of Northumbrian Water. It has two landfill sites in north-east England: in Northumberland and Tyne and Wear. Volumes were slightly up, by up to 5 per cent, in January and February 1993 against 1992.
"We see a slight pick-up, but it's not dramatic and there is no sign of construction waste increasing. Prices are really under pressure: in 1993 real prices are likely to fall marginally. There is plenty of capacity. On the construction side we don't see any change. There are people quoting substantial price reductions so the volume of the market has shrunk."
Peter Wilson, MD

JOHN LEWIS **+0.4%** TURNOVER*

"Quiet is the word. We had a fairly modest 1992, and it really hasn't changed very much."
Bainbridge has seen sales increases of only 0.4 per cent over the first four weeks of the new financial year, similar to the 0.8 per cent it saw for the previous half year. Newcastle came out of the recession of the early 1980s later than the south of England, and went into the current recession later. **"There has been some upturn in sales of electrical appliances, including both white goods and electronics and TV."**
Brian Forbes Turner, MD, Bainbridge, Newcastle

Advertising: the Newcastle Chronicle and Journal, part of Thomson Regional Newspapers
"The recession has hit here most severely since last October. That was the first time we remarked any serious downturn. Overall our performance is ahead. Some of that is down to share growth, I don't think there's any growth in the market. We think the market is flat, if not slightly down. Retail advertising was slightly better and recruitment slightly worse in Jan and Feb 1993 than one year before. If we're doing slightly better, somebody is doing slightly worse. We've increased market share in a market which is not doing well."
Jim Chisholm, marketing director

Armitage Engineering, Washington, Tyne and Wear: Founded 23 years ago, specialises in high specification machining and fabrications. Jan-Feb 1993 order book worse than one year ago. **"There's a shortage of work, people are screwing you price-wise, then don't pay you in a reasonable period. There are so many people like ourselves, desperate for business, who will go in on a loss leader basis, on the off chance it will lead to further work. We're like a lot of lemmings committing suicide. Profitability? The name of the game is survival. The nicest thing anybody in accounts could ever say to me is: you've broken even."**
Alan Armitage, MD

TRANS-PENNINE

"The Trans-Pennine regions are almost an oasis in a turbulent national economy. It is a complete reversal of the recession of the early 1980s. You have only to go to the restaurants in Leeds and try to book a table to appreciate the difference with London. They are crowded. The salary gap with London is rapidly reducing. You now have to pay £12,000 a year for a good secretary in Leeds in certain cases. London secretaries used to get up to two and a half times more than those in Leeds. Now, good secretaries are glad to work in London for £14,000 or £15,000 a year."
Grahame Caswell, MD, Kelly Temporary Services

"Commercial property activity is very patchy and you can't generalise. You don't need figures or pieces of paper to tell you not much is happening - the phone doesn't ring. If anyone says anything else, they are whistling in the dark. Everyone says they're busy, but are they earning fees? It's going to be a long haul out.
"Companies have had a bad fright. Why should anyone move offices who does not need to? No one is going to increase overheads, or walk away from a lease they have not been able to assign. They can't afford to leave such a liability behind them."
Tom Marshall, partner, Lambert Smith Hampton, surveyor and property agents, Manchester

Associated British Ports this week reported 4 per cent growth in for Humber ports in 1992, with record levels nearing 50m tonnes at Hull, Immingham, Grimsby and Goole.
"The trend continuing this year and Hull traffic is at a 25-year high."
Stuart Bradley, ABP managing director

Exports of Jaguar cars from Liverpool to North America are up, but Canadian wood imports are down following sterling's devaluation.
"Recession has bottomed out and we are coming out the other side. There has been a rapid take-up of industrial units in Liverpool freeport by electrical and computer distributors."
Trevor Furlong, MD, Mersey Docks

JOHN LEWIS **+8.2%** TURNOVER*

"Sales have been good for the last six months. People are more resilient here, they've seen it all before. We have had recessions while the rest of the country has been ploughing forward. The green shoots are there, but they are very fragile and could be broken off at any moment."
The store saw an encouraging sales increase of 8.2 per cent for the first four weeks of its financial year. **"It could be that people decided if they weren't going to spend money on holidays, they would spend a bit in the shops."**
Allan Allkins, MD, George Henry Lee, Liverpool

MANCHESTER AIRPORT **+7%** TRAFFIC*

Numbers of passengers starting from **Manchester Airport** rose 6 per cent in January and February compared with the same months of 1992. But transit passengers - fed in from 19 airports around the UK - were down 25 per cent, suggesting differential demand between the north and more distant parts of the country. International scheduled traffic - an indicator of business travel - was up 7 per cent in the two months.

*International scheduled traffic in Jan / Feb

Rigby Maryland, wire manufacturer, Liversedge, West Yorkshire: Its stainless steel wires go into ropes, cables, knitted mesh and welded mesh. Annual turnover £8m.
"We have had our best January ever with sales revenue up 16.4 per cent on last year. February was pretty good too, with an 11 per cent rise. We exported 40 per cent, but domestic sales are up too. Devaluation of sterling has helped: the Germans cannot compete on prices, the Japanese have almost disappeared out of the market, Korean prices are tied to the dollar and they are struggling. Only the Italians are still in there."
Christopher Moore, MD

WALES & WEST

Bristol unemployment in January rose to 39,036, an increase of nearly 4,000 over 12 months, that took the unemployment rate to 10.1 per cent, one-point higher than in January 1992. Unfilled vacancies rose in January by 67 to 869 compared with the previous January.
"Unemployment here has gone up quicker than in most other areas in the country - we have suffered in financial services, construction and of course defence. But in the last few months we get the impression that things are easing, except in defence and aerospace."
Mike West, Bristol Econ. Dev. Office
Rolls-Royce announced on Thursday a further 1,400 redundancies in Bristol.

+30%

"We're off the bottom and coming out of recession, but not really far enough or fast enough."
Bristol & West Building Society

Since the new year in its Severnside region - which includes Avon and South Wales - mortgage applications are running about 25 per cent lower than a year ago, but about 30 per cent up on the last quarter of 1992

*applications so far this year compared with last quarter 1992

C-T Plant Hire, based at Weston-super-Mare, hires construction plant to the private and public sector
"Compared with the first part of last year there has been no improvement whatsoever. There are no big long jobs nor big developments - everyone is shopping for the cheapest price.
"The recession for us started two years and nine months ago and it hasn't finished yet. But we're in the survival business and very optimistic."
Angie Beresford, director

JOHN LEWIS **+2.3%** TURNOVER*

"Nobody is crowing in Bristol. We had a slightly disappointing February, and none of my big high street neighbours are making much noise about good results. Few families have not experienced redundancy, at least indirectly. If John Lewis is increasing sales, often we are getting a little bit more of a no-bigger cake. The store has been affected by the lack of trade in "big-ticket" items such as furniture, carpets and kitchens, but consumers are still prepared to buy "a video, a new coat, or something for the kids".
Bill Redmond, MD, John Lewis, Bristol

Welsh tourist board: In a survey of about 200 hotels, bedspace occupancy was at 19 per cent in January, slightly up from 18 per cent a year before, which itself was 1 per cent up on the previous year

Torbay in Devon expected to send out 180,000 holiday brochures this year but is already running out.
"We have had a massive increase in inquiries this year - up 18.5 per cent compared with the same time a year ago. After devaluation Britain is clearly a cheap destination compared with abroad."
Tim Whitehead, tourism director for Torbay, which includes Torquay, Paignton and Brixham

Tamar Bridge: The southern link between Devon and Cornwall, which carried 13m vehicles in 1992, carried just one vehicle less in January and February than in the same months last year. **"Perhaps someone wasn't feeling well that day."**

Severn Bridge between England and South Wales carries up to 17m vehicles a year, three times the amount when it opened in 1967. The toll went up to £3.10 in January. Severn River Crossing took over the bridge last April **"At times traffic is higher than we anticipated and there are indications that traffic growth may be returning."**

MIDLANDS

"Although the average number of vacancies is down, the level of increase in unemployment is falling as the recession bottoms out."
Birmingham City Council Economic Development Department

"We have seen a bigger increase in part-time vacancies in the services sector, especially the retail industry, than in previous years."
Employment Service, Leicester

JOB VACANCIES - BIRMINGHAM	1993	1992
January	9,109	10,397
February	9,002	10,291

12 month moving ave. of newspaper vacancies

"Business is on the up. I think we're beginning to see a few signs of spring in the housing market. Mortgage offers between January and February 1993 were worth £98m, three times the amount for January to February 1992."
Mike Jackson, chief executive, Birmingham Midshires Building Society

"There is movement in the market. Residential conveyancing in our Birmingham and Nottingham offices has picked up since Christmas."
Tim Price, manager Birmingham residential conveyancing unit
Evershed Wells & Hind, solicitors

Leigh Environmental is a Walsall waste disposal company
"We are seeing an increase in confidence. A number of waste producing clients have been prepared to release materials which they had been stockpiling to conserve cash."
Mark Stanley, marketing manager

BFI is a leading landfill operator in the region
"Industrial and commercial waste is fairly stagnant. What has started rising is ground clearance waste deposited at Packington, near Birmingham - up by 27 per cent over last year."
Marek Gordon, business development director

JOHN LEWIS **+5.0%** TURNOVER*

"Trade is fragile, fickle, undependable, but tantalisingly showing little glimpses of improvement. The first four weeks of the trading year showed sales increases of a steady 5 or 6 per cent, then it just dropped. A fortnight ago we were back down to 1 per cent. It's repeating the lack of pattern, the lack of stability, of the last 12 months or so. Next week we could be back to 5 per cent. Heavy electrical appliances are also still slow, although radio, TV and computers are selling very strongly.
Ian Lawrie, MD, Jessop & Son, Nottingham

Newspaper advertising: Wolverhampton Express & Star. Volumes for January and February 1993, compared with same period of 1992 - retail up 35 per cent, property up six per cent, classified down three per cent, display "single digit increase", situations vacant down seven per cent in January, level in February.
"The ingredients are coming together to show we've turned the corner, but there is nothing dramatic"
Bob Hawkins, director

Steel Stockholder **-6%** SALES*

Steel stockholder: The position is clouded by an attempt to make price rises stick. Sales so far this year are about six per cent below the 1992 first quarter, but have been been on a gentle upward trend since last October, deemed to be the bottom of the cycle. **"No one expects things to get worse"**
Richard Rawlins, executive director, National Association of Steel Stockholders, Birmingham

SOUTH-EAST

"We are seeing a slight improvement against last year, but very slight. As a supplier of temporary and casual staff we tend to be a lead indicator, because companies take on temporary staff until they are completely sure that things are better. Overall we have seen an upturn since Christmas, but we've been reluctant to say this is a recovery because of the seasonal factors.
"The picture is patchy across different sectors - although private building and some manufacturing sectors have improved, the picture in the service sector is still negative."
Manpower employment agency

"There has definitely been a big upturn in business. It has taken us a bit by surprise. It remains to be seen whether this is a blip. The rise may be partly due to regional factors - because East Anglia had been hard hit by the recession, prices had fallen particularly low."
Jim Philbin, assistant general manager, Norwich and Peterborough Building Society. Compared to the same period last year, applications have risen by between about 5 per cent and 6 per cent. January and February's figures are "significantly higher" than the previous three months

BIFFA **-5%** VOLUME**

Biffa Waste is one of the biggest waste disposal groups in the south-east. Volumes are largely unchanged but there have been increasing enquiries about the disposal of hazardous waste - a trend, which it says indicates a slight upturn of confidence.
"A number of large companies are saying 'this can't go on for ever'. We've seen signs that they're wanting to clear the decks, and do things like rationalise their waste disposal. That's always the first sign of recovery."
Peter Jones, external affairs director

**construction waste against last year

JOHN LEWIS **+11%** TURNOVER*

"Overall, things are no longer getting any worse. Logic says that nothing stays the same, so things must be getting a bit better." It is a new store, opened in September 1990, and so is still building up its trade. **"If the figures kept running through to May or June at about the same level, then we would know there was something there. In retailing, you live on hope. Sales of furniture and furnishings are still flat but as in other branches, TV and electronics are doing well."**
Peter O'Ryan, MD, John Lewis, Kingston

*4 weeks to 27 Feb 1993,% increase on 1992

Taxi company: Checkers Cars, Reading. The taxi trade is down according to Checkers, one of the largest taxi companies in the southern region. It nearly doubled its business in the last year and has 100 cars, which perform about 15,000 jobs a week. However, several other taxi companies in the Reading area have gone out of business.
"People are taking fewer taxis. Whereas once someone might have taken a cab three or four times a week, now they'll only take it one or two. The business is there - you have to work hard to go out and get it."
Ravi Arora, proprietor

Sports Club: Young's Health Studios, Luton, Beds: Membership has fallen by about 8 per cent compared to the same period last year. However, profitability has risen by 25 per cent, primarily because of price increases, and a switch from annual membership.
"People are still spending money at health clubs but they prefer to pay on short-term membership. What worked for health clubs in the 1980s isn't going to work now. People now have more and more time, but don't want to join a health club for a year because they don't know if they will be in work for a year."
Andy Young, proprietor

*first quarter 1993 against first quarter 1992

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Politics and the markets

THE DAMAGE inflicted on John Major's government by the anti-Maastricht Tory rebels is real enough. But it is questionable whether anyone outside Britain is giving it much thought. This is a month in which momentous events are unfolding across the developed world.

In the US and Germany, important battles are being fought over fiscal policy. The political complexion of France is about to change in the forthcoming election in ways that could have fundamental importance for the exchange rate mechanism and for Europe itself. Italy is being turned upside down by efforts to purge a corrupt political system. In Japan, also beset by scandals, the state of a shaky banking system will be clarified when the fiscal year ends on March 31. It is the level of the stock market on that date which will dictate in good measure the value of bank capital.

More disturbing still is the growing uncertainty over the fate of Mr Boris Yeltsin. Yesterday's nervousness in continental European markets was prompted partly by the fear of what might happen if he goes. Current assumptions about the appropriate level of defence spending in the US and Europe would have to be revised, with obvious consequences for fiscal policy. This thought will no doubt be at the back of the minds of representatives of the Group of Seven, as they consider what to do about Russia this weekend.

So political instability is playing a larger role in world capital markets. Once again, the nervousness of British equities yesterday over next week's Budget has echoes elsewhere, especially in Germany. Negotiations between the German government, the opposition and the federal states over the post-unification solidarity pact continue to drag on against a background of declining economic activity, falling corporate profits and labour unrest. With many forecasters expecting economic declines this year of between 1 and 1½ per cent, the fiscal pressure will increase so long as the haggling persists.

Nationalism in Europe

Also disturbing were the advances made by extreme right republicans in the local and city elections in Hesse last weekend. So far, the lack of a plausible leadership has meant that the nationalist tendency in Germany has seemed less threatening than it might. But nationalism in Europe is set to become more dangerous as long as the European economy remains stagnant.

The key to recovery in Europe lies largely in the hands of the Bundesbank. Members of the Bundesbank council will once again be under considerable political pressure to reduce rates at their meeting next week, not least because the French franc has been sinking within the Exchange Rate Mechanism. The Bank of France was rumoured to have intervened yesterday to support the franc, and may well have to intervene throughout the period of political uncertainty. The franc could continue to pose problems for Europe's central banks once the elections are out of the way, since the anti-European Gaullists in Mr Jacques Chirac's party will be a more potent force in the National Assembly after the socialist defeat which seems inevitable.

There are limits on what the Bundesbank can do to accommodate the franc, but there is a growing feeling in the markets that it will wish to cut interest rates again in any case for its own domestic reasons. With the German fiscal argument unresolved, the cuts may come more slowly than the rest of Europe now hopes. In the meantime, the French banking system is wilting under the pressure of high short term rates.

Buoyant equities

With so much uncertainty around, it might seem odd that several of the world's equity markets have been buoyant for so long. The easiest case to rationalise is Japan, where buoyancy in part reflects the flood of public pension fund money that is being pumped into the market before the fiscal year-end in order to help the banks. The movement has become self-feeding, since investors are aware of the importance of a successful market rigging operation to the government. The question is whether the rally will survive into the next fiscal year.

In the United States, market buoyancy appears to reflect extraordinary confidence in President Clinton's budget programme. Despite offering a package of measures that will still leave a substantial structural budget deficit, he has prompted a euphoric rise in bond prices that has also lent support to equities. It may be overdone. Yet the present level of prices also derives backing from a more fundamental factor, namely the penalty incurred by investors who abandon equities or long-dated bonds for low yielding cash and money market instruments.

The same thing applies to the UK, where the yield curve has steepened since last autumn, with short term rates substantially below long rates. That is the best reason for thinking that, even if there are short term setbacks arising from political uncertainties around the world, the British market is still in a bull phase.

Lamont faces mounting economic and political pressures as he finalises his Budget decisions, writes Peter Norman

The chancellor's big day

Next Tuesday's Budget is shaping up to be a real cliffhanger. The pressures on the chancellor have grown, rather than diminished, as his big day has come closer.

The dilemmas facing Mr Norman Lamont would be sharp enough if the Budget were just about the economy. But this year's Budget will be a political occasion of high drama.

After the government's reverses over the Maastricht Bill, Mr John Major will be looking to the Budget to inject new purpose into his embattled administration.

Then there is Mr Lamont himself. He has survived against all the odds since sterling's enforced departure from the European exchange rate mechanism last September. He desperately needs a successful Budget if he is to fulfil his personal ambition of staying at No 11 Downing Street.

A month ago, it would probably have been enough for Mr Lamont to present the Budget as a low-key holding operation that would not upset the prospects for economic recovery and leave big decisions for the first unified taxing and spending Budget in November. But there has been a subtle shift in expectations since then.

As tentative signs of recovery have multiplied, sentiment among City analysts, Tory members of parliament and within the cabinet has swung towards a more radical approach to the UK's economic problems. Every new glimmer of hope about growth has emboldened the supporters of early fiscal tightening to bring the UK's growing public sector deficits under control before election deadlines loom.

Throughout, the Treasury has maintained a Sphinx-like silence. Although the chancellor and other Treasury ministers have been let out of pre-Budget purdah to comment on economic indicators when they offer hope, or in the case of Mr Lamont to host an informal gathering of his colleagues from the Group of Seven leading industrial countries in London, the secrecy surrounding the Budget has been unusually complete.

This may simply mean that the chancellor has, as is his wont, left decisions until the very last minute. But it may also reflect the complexity of this year's Budget judgment.

Rarely can a chancellor have been confronted with such a cacophony of advice as Mr Lamont in the past 10 weeks.

But the bottom line is that nobody has a clear and persuasive answer as to whether recovery is safely under way and can be sustained; whether bank base rates at 6 per cent are at the appropriate level; whether sterling, following its devaluation of about 15 per cent since September, is correctly valued or undervalued; how far the UK economy is operating below capacity and whether, in the event of recovery being maintained, it will run rapidly into the twin constraints of growing budget and current account balance of payments deficits.

With so much unclear about the economy, it is not surprising that there is even more divergence about the measures that Mr Lamont should announce.

Should he heed those who warn that recovery could be aborted by over-hasty tax increases that would cripple consumer or business confidence? Or, looking to the medium term, should he acknowledge that some of the £37bn of public sector deficit forecast for 1992-93 in the government's Autumn Statement is structural rather than cyclical and needs to be corrected?

Then again, what instruments should he choose if he takes the path of fiscal tightening? Will he be tempted to extend the range of value-added tax to zero-rated or exempt items, such as food, domestic fuel and power or newspapers and magazines? Or should the chancellor, by tinkering with income tax allowances, thresholds or mortgage interest relief, take back from those middle and upper income earners who still have jobs some of the gains they have made since September through the sharp drop in mortgage rates that has followed the fall in base rates from 10 to 6 per cent?

If he has been wise, Mr Lamont will have stood back from immediate problems and pressures and asked himself where he wants to take the British economy in the medium term. Although current uncertainties might tempt some to caution, next week's Budget offers a rare chance to complete the process of rebalancing economic policy started after the ERM crisis and prepare the UK to compete more successfully over the rest of the 1990s.

The chancellor will have examined the reasons why the recession in Britain has lasted as long as 10 quarters. If he has listened to the Bank of England he will have concluded that debt deflation – the corrosive process of falling asset values undermining enterprise financed on borrowed funds – has been the main culprit.

Mr Lamont will have asked what lessons he should draw from the near doubling in recession of the UK current account balance of payments deficit to £11.9bn last year from £6.4bn in 1991.

The rise of unemployment above 3m in January and the continuing heavy shedding of labour by manufacturers in spite of evidence that companies have withstood this recession in better financial shape than previous recessions will have coloured his judgment. So will the spread of recession to the UK's markets in continental Europe just as consumer demand in Britain may be recovering.

Mr Lamont should regard recent indicators of consumer revival warily. The recent growth of M0, the narrow money measure comprising mainly notes and coins in circulation, at above the government's 0 to 4 per cent target range, and this week's Confederation of British Industry report of further year-on-year growth of retailers' sales in February suggest recovery is taking hold.

But is a consumer-led recovery what Britain requires? Most of the nation's economic problems – the current account deficit, the country's small industrial base, the heavy indebtedness of families and the continuing toll of house repossessions – reflect too much consumption in the past.

So while nobody should expect the chancellor to stifle recovery, he will want his Budget to set the framework for future, more stable growth. That should mean a Budget for investment, industry and jobs.

If the foregoing analysis is correct, Mr Lamont's first priority will be to ensure that the present 6 per cent base rates can be maintained for an extended period. He may even seek scope for a further lowering of rates to allow the UK's indebted households and companies and battered banks to rebuild their balance sheets.

But low interest rates have to be earned. That means that the government must strengthen the credibility of its commitment to low inflation and its target of keeping underlying inflation in the 1 to 4 per cent target band announced last year.

Mr Lamont will have to pay particular attention to the mood on financial markets. So far, domestic and international investors have appeared relatively untroubled in the face of widespread expectations that the UK's public sector borrowing requirement (PSBR) could reach £1bn a week next year.

But markets are fickle. The City is expecting some good news about the borrowing requirement on Budget Day itself: recent polls of City analysts suggest they expect the PSBR for 1992-93 will be £35bn compared with the £37bn Autumn Statement forecast.

Most City investment houses expect the chancellor will ease the "full funding" rule that at present prevents the government from counting purchases of gilt-edged stock by banks and building societies as contributions to financing the budget deficit.

Yet more than financial wheezes will be required if the markets are to give Mr Lamont their backing. To be sure of the freedom of manoeuvre he needs in monetary policy, he will have to produce a convincing plan to reduce the UK's budget deficit.

This suggests Mr Lamont will have to make a downpayment on deficit reduction next Tuesday. And if he is to fulfil the expectations of parliament and the nation, he will also have to help the unemployed and hold out hope of job creation, most probably through helping small businesses.

These goals are difficult to reconcile. But the chancellor has one card – low inflation – in his favour.

The UK's present lower than expected inflation rate could encourage the chancellor to freeze income tax allowances and thresholds, saving some £750m; increase by more than inflation some excise duties on tobacco, petrol and the vehicle excise duty and extend VAT to some goods and services currently uncovered. Low inflation could give the chancellor the excuse he needs to cut government spending.

But such a Budget would be a glum affair and unlikely to secure Mr Lamont's survival. Hence, speculation has grown that he may have something more spectacular up his sleeve.

With a tax system as complex as Britain's, Mr Lamont has scope to be bold and pull in revenue without raising the present income tax rates of 20, 25 and 40 per cent.

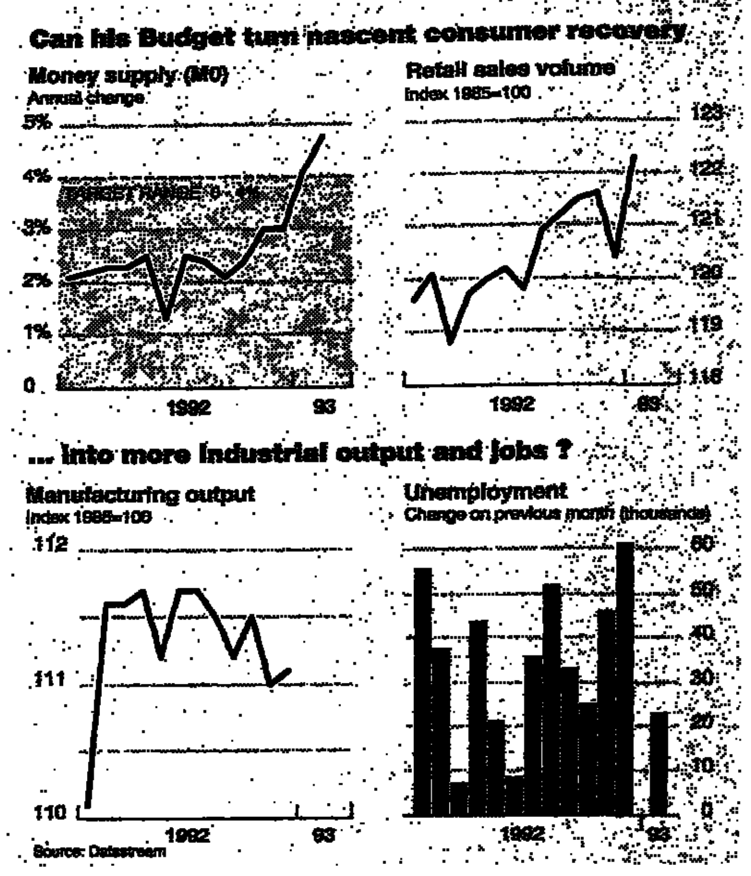
One option, with mortgage rates low, might be to prune mortgage interest relief or Miras. Limiting Miras to the 20 per cent tax band would cost households only £10 a month and yet be a big step forward to phasing out a system which distorts the economy. He might also turn the personal allowance – the amount which everyone can earn before paying tax – into a tax credit at the basic tax rate of 25 per cent rather than subtract it, as at present, from gross income in a system that benefits the 40 per cent tax payer.

Such steps would be painful for Tory voters – and could open the government to the charge of betraying the spirit, if not the letter, of the 1992 election campaign. But some of the revenue gained could be used to extend the 20 per cent tax rate beyond its present £2,000 limit, widen the tax-free personal allowance, or provide help to first-time home buyers.

In his previous two Budgets, Mr Lamont has proven to be a master of surprise. In 1991 he increased VAT to pay for a poll tax cut, and in 1992 introduced the 20 per cent tax band. These moves were dictated more by electoral politics than economic considerations.

This year he could again confound his detractors while placing the UK on a sounder footing for non-inflationary growth. If he succeeds, he may be singing in the bath of Number 11 Downing Street for longer than anyone expects.

Lamont's dilemma



MAN IN THE NEWS: Ruslan Khasbulatov

Textbook leader with a legal brief

John Lloyd on Russia's parliamentary speaker

"This was the devil's work," said Mr Ruslan Khasbulatov this week of the agreement he had signed with President Boris Yeltsin three months ago, permitting a referendum on the constitutional division of powers in Russia. In three increasingly febrile days in the Congress of People's Deputies, the parliamentary speaker has undone that work – and set devils running in the country whose final destination he cannot know.

"Ruslan Khasbulatov intends to concentrate all power into his own hands," said Mr Vyacheslav Kostikov, Mr Yeltsin's acid press secretary yesterday. "We are on the brink of 'All Power to the Soviets'."

"Khasbulatov wants to retire us," said a government minister on Thursday after the speaker had threatened to cut off ministerial salaries. "He should be thinking about his own pension soon."

The man who occupies the parliamentary chair embodies many of the contradictions which run through Russia: a state which has shed an ideology of communism while being unable to give up its habits and systems, so ingrained have they become. Speaking in the name of the popular will, he has a popularity score (in the most recent poll from the Public Opinion Research Centre) of only five, less than a quarter of the much-diminished 22 scored by Mr Yeltsin.

He called the government appointed by Mr Yeltsin 'little boys who have lost their way'

Standing on the grounds of democratic order, he owes his position to a Soviet-era constitution and his authority over the parliament to the pre-democratic factional soup which is its politics. Seeking to embody Russia, he is a Caucasian from Chechnya, an autonomous republic which has declared its independence from the motherland and which has disowned him as one of its representatives.

There runs this same division in his career. Born in Chechnya in November 1942 and deported during the war with many of his people to Kazakhstan for alleged collaboration with the Germans, Mr Khasbulatov grew up in poverty – "but not moral poverty", as he writes in his recently published memoirs. He managed to enter the faculty of law at Alma Ata, then Moscow, universities, later switching to economics (Marxist, naturally, though he says he later became a convert to Adam Smith).

A rapidly rising career in the Komsomol (young Communist League) put him on that body's central committee; he taught at the Plekhanov Institute of Economics in Moscow in the late 1970s to 1990, when he was elected as a Russian deputy, representing Grozny, the capital of Chechnya.

Much of this was textbook Soviet man: the lad from the poor background rising to be a leader of society. Though he says he was early to question the orthodoxy of the party in which he did so well, he only began openly to criticise that orthodoxy from the perestroika period, when it was relatively safe to do so.

His breakthrough was in choosing to side with Mr Yeltsin when the latter became chairman of the Russian parliament in 1990 – a route that most other members of the parliament's leadership did not take, preferring to side with the harder-line communists. When Mr Yeltsin was elected president in 1991, Mr Khasbulatov became acting chairman, or speaker – a position in which he was confirmed after the August 1991 putsch.

In that putsch he showed, on his own and others' account, considerable bravery: remaining with Yeltsin and others in the White House when they believed (with reason) that an attack was being prepared upon them which they had no hope of resisting. This was the making of him, and of Mr Yeltsin, and many of the Russian leadership. He and they came out of the experience with huge prestige, and with an apparently vast will behind reform, including the radical economic reform for which he had long agitated.

Yet almost immediately afterwards, in that strange period of months in which the Russian government drifted inactively and frittered away its store of support, Mr Khasbulatov turned sharply against the government Mr Yeltsin appointed, especially Mr Yegor Gaidar, the then deputy prime minister who headed the economic reform team. "Little boys who have lost their way" he called them early in 1992 after the liberalisation of prices. At intervals throughout the year, he blasted them, the IMF and the foreign advisers who were leading Russia to perdition. "Competition," he wrote late last year, "cannot flourish in the present conditions."

Over the past two years, the Supreme Soviets and the Congresses (the first is the small permanent form of the second) he has chaired have become more confrontational and critical of the government: time and again, government ministers, presidents' emissaries, even the president himself have been set before a bear pit of angry questions and derisive baying.

This is not the work of Mr Khasbulatov alone: indeed, there have been times when he has moderated it. Some of the deputies were always ideologically opposed: many more became so. Others are responding to the complaints of their hard-pressed electorates, frustrated by falling living standards and a collapse of their institutions.

Mr Yeltsin and his circle have made much of the parliament's origins in Soviet times. There is a good point in this, but it remains arguable whether a freely elected parliament would have been more, or less, amenable. What is sure is that it would have depended less on a speaker who is not particularly popular, but whose guile, skill and rhetoric wins cross-factional support.

The economic issue, however, has become secondary to the constitutional one: it has been at the centre of Mr Khasbulatov's concerns for some time. In his writings and speeches, he has increasingly come to see the presidency – and the figure of Mr Yeltsin himself – as at best potentially authoritarian. Parliament, by contrast, because of its "open, public style of working", is a stabilising and democratising factor. "Parliament protects the government from a possible slide into severe, authoritarian methods of rule."

For Mr Yeltsin, by contrast, the imperative has been different: how, belatedly, to press through economic reform? The answer which has increasingly suggested itself to him is through strong presidential rule. But now he has been fought almost to a political standstill by Mr Khasbulatov's Congress.

Thus, this week, these two men confronted each other – past friends and comrades; both poor boys made good under two systems; both ruthless, calculating, bold and limited, at the head of rival and shaky coalitions of political, economic and clan interests.

Mr Khasbulatov, on his home ground, won. On the first day, reacting to Mr Yeltsin's clumsy hints about "special measures", he lambasted the president for "devaluing the existing constitution, destabilising the political situation in the country, even involving the army and the interior and security ministries". Parliament, he insisted from the first, wanted compromise – but "naturally all of this must be on the basis of the Russian constitution and the Russian constitution alone".

He listened, sometimes nodding, as his deputy Mr Nikolai Ryabov told Mr Yeltsin that "he cannot be regarded as someone who is the equal of the Congress: we have no problems with the current division of powers". But it was on the second day, after speeches by Mr Yeltsin and Mr Victor Chernomyrdin, the prime minister, demanding more freedom of action and more power, that he let rip with apparently genuine fury.

The president's men were "swaggerers before the microphones", the parliamentarians were honest workers. Venomously, he asked Mr Chernomyrdin who was boss in his cabinet, demanded the sacking of Mr Anatoly Chubais, the deputy prime minister for privatisation, threatened to dock ministerial salaries. Off the cuff, sarcastic, outraged, it was a rhetorical *tour de force*, a pointed contrast to a stumbling Mr Yeltsin.

Finally, yesterday, he saw the apparent climax of his efforts: the passing of a resolution which kills the "devil's work", and puts the president's office at the mercy of the parliament. Yet he also has a confrontation on his hands (which he may not have wanted). Mr Yeltsin, determined on a referendum, has ended the unequal struggle and is set to bypass, even to destroy, Mr Khasbulatov's power base. Prolonging the session until today, the speaker warned his colleagues of possible presidential infractions of the constitution. The fight begins in earnest.

The president's men were 'swaggerers before the microphones', the parliamentarians honest workers

In it, both men fight for their political lives. Neither has anywhere else to go, and while Russian politics are theatrical to a fault – with all sides going to rhetorical extremes then often clawing back to the centre to paper over an abyss – there is now no route back for either one, save capitulation. The revolution in which both participated is choking its children. They cannot escape the coils of a system which winds itself around their actions, continuing an apparently indestructible life after its advertised death.

Governor throws down the gauntlet

Patten's decision to proceed with democracy legislation has shocked China, say **Simon Holberton** and **Edward Mortimer**

For the Chinese leadership sequestered in Zhongnanhai, Beijing's Kremlin, the decision by Governor Chris Patten of Hong Kong to proceed with publication of his democracy legislation must have been profoundly perplexing.

Previous governors, who were senior Foreign Office officials, and their masters in Whitehall had always taken care to clear in advance any changes in Hong Kong's political arrangements. Beijing, as Mr Qian Qichen, China's foreign minister, confided recently to a group of sympathetic Hong Kong politicians, has always known that if it stands firm Britain will back down. When Britain did show signs of independence, it had to be punished, Mr Qian said.

Beijing's leadership was already seriously angered by what it saw as Mr Patten's insubordinate behaviour last October when he announced the outline of his proposals for Hong Kong's 1995 elections – the last to be held before the Chinese takeover in 1997. They disliked both his ingenious exploitation of loopholes in their own Basic Law for Hong Kong to introduce a much broader franchise than they had envisaged, and the fact that they were not first consulted.

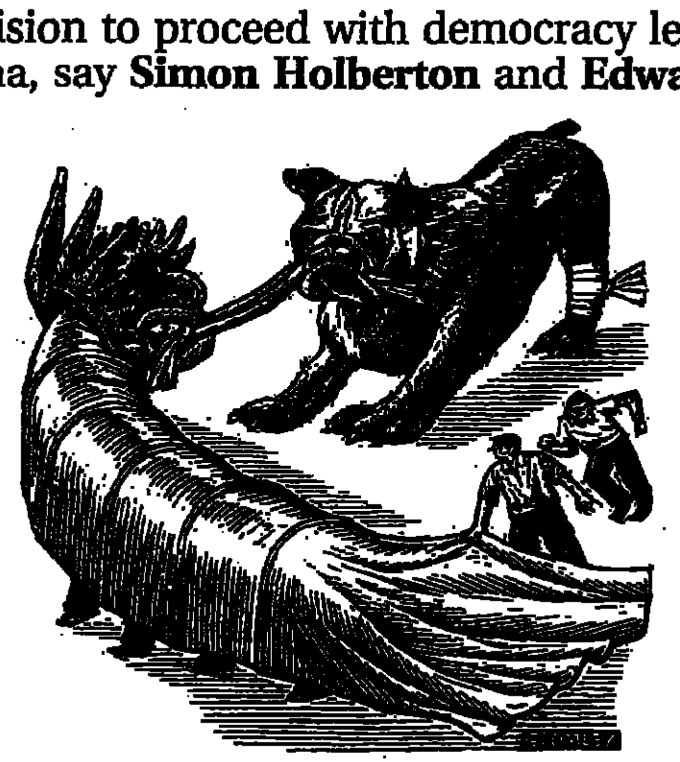
Their "punishment" of Mr Patten was played out in November and December when China threatened the validity of contracts which span the 1997 transfer of sovereignty. Beijing also attacked Jardine Matheson, the trading house, and tried to scare Hong Kong's civil servants by raising questions about their future pension entitlements. This produced a sharp fall in the stock market and business antagonism towards Mr Patten, but not a British back-down.

Earlier this year China changed tack, perhaps thinking that where sabre-rattling had failed diplomacy would succeed. Informed by Mr Douglas Hurd, Britain's foreign secretary, on February 6 that Mr Patten was about to proceed with publication of a bill to give effect to his proposals, China's Mr Qian replied, one day before the February 12 deadline, that Beijing was prepared to talk.

During February and this month, Mr Patten put off publication of his bill on four successive occasions as London and Beijing wrangled about the precise terms on which talks could be held. The stock market went up again while the hearts of Hong Kong's liberals – supporters of Mr Patten's reform package – slowly sank.

By last weekend some of those who had been among Mr Patten's most vocal supporters were suggesting that he was just another British governor who would end up dancing to Beijing's tune.

But yesterday Mr Patten delighted them and must have shocked the decision makers in Beijing, by showing that he did after all have what he likes to call a "bottom line". Put simply, he and the British government were not prepared to let China dictate the composition of his team for the proposed negotiations between the two sides.



China refused to lift its objection to two ethnic Chinese Hong Kong civil servants being part of the team, one of whom already has participated on numerous occasions in Anglo-Chinese talks. China also sought to amend a previously agreed text of the announcement the two sides would have made once the date of any talks had been fixed.

As one senior British official suggested yesterday: "The Chinese may have got trapped by a device which was shoved into the negotiations by some of those who did not want talks, and then suddenly found themselves confronted by problems of face in scrapping that device."

The most likely candidate for the role of spoiler is Mr Zhou Nan, director of the New China News Agency, Beijing's unofficial embassy in Hong Kong. Mr Zhou's deputy said yesterday Mr Patten's announcement would "make talks impossible". Britain, he said, had "ruined the chances for talks and it showed Whitehall had no sincerity".

The first reaction from Beijing itself echoed the point about lack of sincerity, though attributing it to the governor personally, but merely added that it "creates difficulties" for the resumption of talks. This may reflect the more moderate line associated with Mr Lu Ping, head of the Chinese government's Hong Kong and Macao Affairs Office.

If it is true, as some in the Hong Kong government think, that most of the principal Chinese decision makers are anxious for an agreement with Britain, they could be expected after a brief display of indignation to return to the quest for talks. Mr Patten stressed in his speech yesterday that he remains ready to talk to China.

The same British official admitted, however, that it might be easier for the governor to carry public opinion with him if his proposals were made more acceptable to China in the course of debate in the Legislative Council (LegCo), than if he has to persuade the council to accept amendments agreed in secret Anglo-Chinese talks in Beijing.

Mr Patten's preference would be to satisfy the calls from local liberals, such as Mr Martin Lee, leader of the United Democrats, to introduce his bill into LegCo sooner rather than later. In the normal course of events a bill published in the gazette – as Mr Patten's democracy bill was yesterday – would be tabled in LegCo the following Wednesday. Mr Patten refused yesterday to commit himself to such a tight timetable, but his officials indicated he would be unlikely to wait more than a few weeks for a favourable Chinese response.

If such a response is forthcoming it will indicate that China has recognised the need to soften its position in response to Britain's tougher stance. But it is equally likely that Beijing will conclude that such a "provocation" calls for even sterner punishment.

In this case Hong Kong could be in for a very rough time over the coming months, as investor confidence would be shaken. Important projects, such as the HK$175bn (£15.8bn) airport and the further development of the colony's container port, would have to be kept on hold.

Mr Patten is convinced that the people of Hong Kong want a chance to participate in shaping their political future. Their representatives in LegCo will have to evaluate the consequences of this unprecedented contest of wills between an economically resurgent but politically uncertain China and a Britain, in economic and imperial decline, which belatedly has decided to stand up.

Fortune favours the big

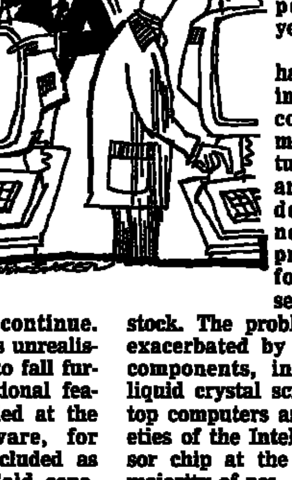
Alan Cane on the effects of a computer price war

Compaq, the personal computer manufacturer, cut the cost of its products in the US this week, signalling another round of blood-letting in a price war which is devastating the industry.

Victims include comparatively well known names like Everex of the US, now protected by the provisions of the US bankruptcy code.

By the end of the year many smaller suppliers are expected to find themselves in equally dire straits, leaving the pc business essentially in the hands of the industry giants – IBM, Compaq, Apple and Dell.

Computer buyers, on the other hand, have never had it so good. A colleague, seeking an economical computing package to handle the business of his local parish, was quoted £1,760 for a powerful pc complete with ink jet printer and office software. Over two weeks, the price was reduced by £200.



In the US, the cheapest of Compaq's pcs now sells for $1,100. In the UK, Vtec, a supplier from Hong Kong, sells a similar machine with sophisticated software for £1,099. Prices for machines of equivalent power would have been over £5,000 only a few years ago.

Industry observers are not yet decided whether such price cutting can continue. Some argue that it is unrealistic to expect prices to fall further, but that additional features will be included at the same price. Software, for example, can be included as part of the deal. Sold separately, the Lotus software included with Vtec's £1,099 package would cost the customer about £700. Vtec is able to offer such a deal because, for substantial volumes, software can be bought from software suppliers very cheaply.

Other analysts suggest that at least two more rounds of cuts equivalent to a further 25 per cent decline in prices can be expected.

In the short term, however, further falls are unlikely in the UK, where the fall in the value of the pound is already forcing some smaller pc manufacturers to raise prices.

But over the next few years, for the international market as a whole, the most likely outcome is that the pace of price cutting, running at some 40 per cent a year, will slow sharply but that prices will continue to fall.

The decline in prices is already prompting a shift in the balance of power in the industry. In particular, the success of "no-name" clone makers, is being reversed. No-name companies, manufacturers with little track record in the computer business, had been taking market share from established suppliers, selling copies of IBM's standard design at a substantial discount. Vobis of Germany, for example, grew from nothing to take 4 per cent of the European market last year, selling 368,000 machines, according to the market consultancy InfoCorp.

The reversal of the trend can be dated to June 15 last year when Compaq, world leader in high-performance pcs, launched a range of machines priced only slightly higher than the no-name competition.

Given the choice between a machine from an anonymous manufacturer and a Compaq for only a few dollars more, customers opted enthusiastically for the branded product. Compaq, found itself unable to meet orders. "We thought demand might double," says Mr Joe McNally, managing director of Compaq's UK subsidiary. "In fact it quadrupled and at one stage you had to wait six to eight weeks for delivery." Compaq's initiative was swiftly matched by IBM, which launched its own low cost "Value Point" computers.

The market has been boosted as a result. According to Mr Gordon Curran of InfoCorp, most pc dealers in Europe, with the exception of the UK, saw sales in the first six weeks of the year increase by about 10 per cent compared with the same period last year.

Availability has become an important new consideration; many manufacturers failed to anticipate the demand for new, cheaper products and found themselves short of stock. The problem has been exacerbated by shortages of components, including flat, liquid crystal screens for laptop computers and some varieties of the Intel microprocessor chip at the heart of the majority of pcs.

Clone makers are being squeezed from two directions. From one side, they are finding it difficult to meet the challenge of the big brands now their price advantage has been pared away.

From the other, unless they have a strong relationship with Intel and other suppliers, they will be forced to buy critical components on the open market. A high-performance chip which a large manufacturer can buy in bulk at $60 a piece could cost $100 to $500 a piece in the market, if it can be obtained at all.

It all adds up to a grim outlook for clone manufacturers. They will see their bigger competitors increasingly regain control of the market for both sophisticated personal computers able to take the place of minicomputers and for low-cost systems, which will be bought by large organisations, small businesses and individuals for home use.

It is no coincidence that Digital Equipment, the world's largest minicomputer maker, is redoubling its efforts in pcs with the aim of being one of the world's five top suppliers by 1995. Nor is it surprising that Olivetti, Europe's biggest pc manufacturer, is preparing to launch a new range of machines with which it hopes to steal Compaq's thunder. Mr Corrado Passera, Olivetti managing director says: "Price war is the name of the game and we are ready to play it."

One year after the LA riots, there is anger at the government's inadequate response, writes **George Graham**

Still asleep after the wake-up call

A year ago, South Central Los Angeles burst into arson, looting and killing after the surprise acquittal last April of four white police officers accused of brutally beating Mr Rodney King, a black motorist.

Last week, in a federal courtroom a few miles away in downtown Los Angeles, Mr King took the witness stand in a second trial of the same officers on slightly different charges.

It is scarcely surprising that city officials are nervous about the outcome of the case, and of the imminent trial of the four black men who attacked Mr Reginald Denny, a white lorry driver who found himself in the middle of the riots last year.

But some in Los Angeles's diverse and divided communities almost wonder if they need another riot, so inadequate has been the response from government, at any level, to six days of mayhem that left 42 people dead and 700 businesses burnt to the ground.

"The Los Angeles riots were supposed to be a wake-up call. I am beginning to be afraid that people have put it on snooze control," says Ms Dolly Gee, a labour lawyer active in the Asian-American community.

Much of the attention in the days after the riots subsided focused on a private sector initiative, Rebuild LA, set up by Mayor Tom Bradley under the leadership of Mr Peter Ueberroth, who organised the 1984 Los Angeles Olympics and whose reputed Midas touch raised high expectations.

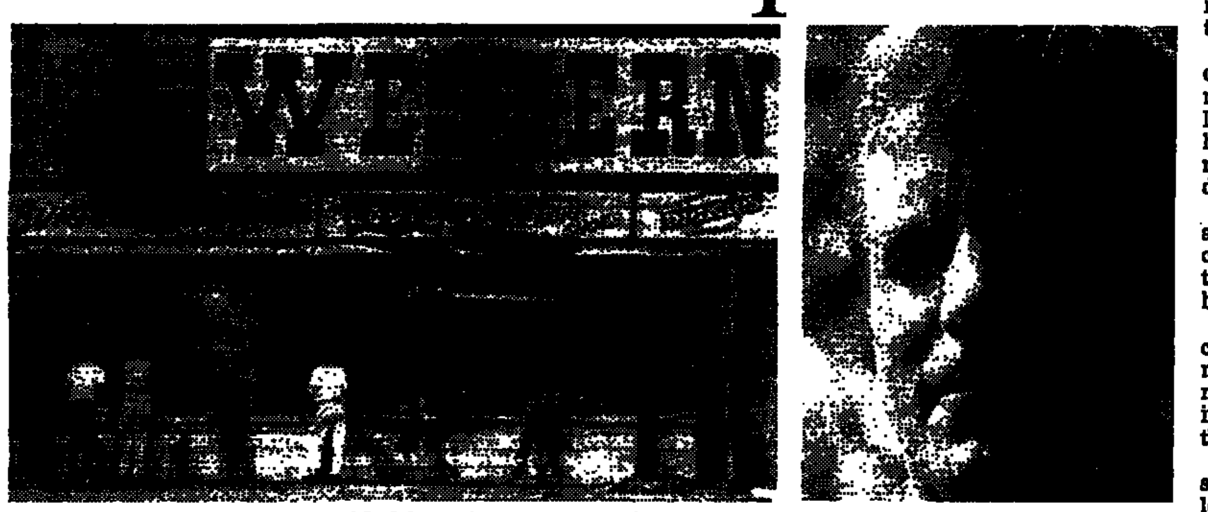
Rebuild LA's leaders acknowledge that visible results have come slower than many in the community would have liked.

"We call ourselves Rebuild LA and people say: how come you haven't rebuilt the place on the corner," says Mr Barry Sanders, a senior partner with the Los Angeles law firm of Latham & Watkins and one of Rebuild LA's co-chairmen.

Rebuild LA has cajoled well over $300m of investments out of companies in the Los Angeles area and beyond; Shell, for example, succumbed to its persuasion to rebuild its burnt petrol stations.

But Rebuild LA itself merely emphasises to many the abdication of responsibility by government.

"Most of the strategy and a great deal of the commitment is coming from the private sector, which is marvellous, but it has to be matched by serious legislative reform," says Dr Kathleen Connell, an academic and investment banker who chairs Rebuild LA's business investment task force. Community activists have for years criticised the federal government for its failure to come to the aid of the struggling inner cities. But what is most striking today is the extent to which their anger is now shared by businessmen, who never before came closer to South Central than a concert at the Los Angeles Coliseum.



LA's riot damage is being tackled by private-sector initiatives such as Peter Ueberroth's Rebuild LA

"It is most disheartening. Everybody says this was the worst riot in the history of American and what has the government done about it? The city has done nothing, the state has done nothing and the federal government has done nothing," complained a senior executive at one big Los Angeles company.

The riots came at the worst possible time for government to respond. Even in the years of rapid economic growth in the 1980s, the inner city stagnated. With the recession, deeper and longer in California than any other state in the US, incomes have declined and unemployment has risen. As a result, more than 18 per cent of the citizens of Los Angeles now live in poverty.

But the recession also dried up tax revenues, forcing cuts in public expenditure. Governor Pete Wilson proposes to cut state spending by 11 per cent this year, with education, health and welfare services hardest hit.

"Just the time you need government to respond coincides with the time they don't have the resources," says Mr Sanders.

But "we would if we could" no longer cuts much ice with the many Angelenos who see an abject failure of political will at all levels of government: Washington playing election year games with an urban aid bill that never passed into law, Sacramento paying its bills with IOUs in a two-month budget deadlock, and Los Angeles plunged into a political vacuum with the retirement of Mayor Bradley after 20 years in office.

Beneath their anger and frustration many Angelenos still believe their city has, despite all, a bright and prosperous future. Some of the most optimistic are the new immigrants who continue to flock to the city from Asia and Latin America. The nagging doubt remains, however: is this sprawling metropolis, its 9m inhabitants divided by language, culture and income, now too big to be governable?

Moves to break up the Los Angeles School District are already gaining ground, and a few brave souls have even suggested dissolving the city itself.

Los Angeles's borders defy logic. From its centre 15 miles inland, the city has thrown out tentacles, reaching south along a narrow, 20-mile corridor to its harbour and encircling the independent cities of Beverly Hills and Santa Monica to the west. In 1918 it swallowed whole the San Fernando valley to the north, as a by-product of a grandiose scheme to divert the waters of the Owens River, 250 miles away on the other side of the Sierra Nevada.

Los Angeles's city charter, too, is a historical relic: a well-intentioned reform from the 1920s which has led to administrative chaos.

"The central weakness of the charter, of which we are daily reminded, is that its extreme vigilance in protecting citizens from potential abuses of power makes the exercise of effective power impossible," says Ms Xandra Kayden, a prominent advocate of charter reform.

The city council has only 15 members, each of whom holds de facto veto power over affairs in his or her own district. This leaves the mayor as the only elected official with a city-wide perspective. But the mayor's power is diluted and shared with 51 semi-independent commissions, running everything from the animal shelters to the airport.

"I would rather give birth to a porcupine backwards than become the mayor of Los Angeles," said Mr William Mulholland, the engineer who, as head of Los Angeles's water department from 1886 to 1928, laid the foundations for the city's development.

This did not deter 52 people from announcing their candidacy to succeed Mr Bradley, although only 31 of them have qualified for the April 20 ballot.

Most proposals for reforming the city's government would concentrate more power in the hands of the mayor, enlarging the council, weakening the commissions and giving him the power to sack department heads.

A strong new mayor, even without such reforms, could exert personal leadership, as many argue Mayor Bradley did, at the beginning of his two decades in office. But for the moment, that leadership is not evident.

Some community activists, however, see a silver lining to the government's inactivity. In particular, it has spurred residents to take matters into their own hands in a somewhat perverse form of the "empowerment" beloved by politicians from right and left. One encouraging sign was the truce declared by leaders of the Crips and the Bloods, two of Los Angeles's most notorious gangs, who also demanded more funding for schools, better street lighting and sanitation, and a thorough overhaul of welfare programmes. "After the riots, people now have less tolerance for neglect," says one Los Angeles council aide, noting a surge in demands for proper street cleaning.

Will that agitation get the streets cleaned and lit? The answer may help determine whether Los Angeles will succumb to its welter of economic, racial and social problems, or develop into the vibrant metropolis that many of its inhabitants believe it can still be.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Liberal Democrats show consistency on Maastricht

From Mr Charles Kennedy MP.

Sir, Your leader "Major must persevere" (March 10) is wrong to accuse the Liberal Democrats of having become "shameless opportunists" over the progress of the Maastricht Treaty ratification legislation.

We have been principled and consistent throughout. Last November we supported the government over the "paving motion" debate; subsequently, unlike the Labour Party, we have been willing to vote with the government over key procedural votes which have made possible the passage of the Bill. In several of these divisions our votes have been essential to secure progress.

We have made clear from the outset our ambition to see Maastricht improved in two particular respects – viz, reversing the UK opt-out over the social chapter and winning greater institutional democracy at all European levels. Monday's vote was consistent with the latter objective.

The real "blame for delay" rests with a prime minister who has been too timid for too long in seeking to face down his rebels. This week's setback is a failure of coherent Tory government, not constructive Liberal Democrat opposition.

Charles Kennedy,
House of Commons,
London SW1A 0AA

Taurus the victim of unclear objectives

From Mr Derek H Broome.

Sir, The Taurus fiasco ("Stock market chief quits over Taurus", March 12) shows the folly of trying to implement complex information technology projects without clear objectives related to requirements of the end customer.

In this case vested interests, particularly registrars with jobs on the line, appear to have been most in mind. Any first year computer student knows the problems involved in splitting up databases without real need. William of Ockham had it right first time – Keep it Simple, Stupid!

Last July we changed our bank, and produced 30 or so unnecessarily complicated transfer forms on our own computer for the appropriate registrars: we are still fielding payment errors. Separate registrars are redundant in such a system; the whole process should be centralised and payment instructions altered on the authority of the registered beneficiary without the need for all trustees to sign.

National Savings are much better organised and far less costly and bureaucratic, and we had few problems with other government departments.

Smaller private investors without their own administrative back-up should steer clear of the stock market – with or without Taurus.

Derek H Broome,
Potters' End,
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Bill and Hillary, maybe – but not President Chelsea

From Mr Abdulrahman Abdi.

Sir, Michael Thompson-Noel, whose columns I enjoy, quotes himself (Hawks & Handsaws: "A word from your clutter buddy," February 27) as telling President Clinton: "You could be in the White House for eight years. After that, Hillary Rodham Clinton could be president, followed by Chelsea [who will presumably rule the country from 2008 to 2016]. We are talking 2016, William."

While it is quite possible that Clinton may get re-elected in 1996 and that his wife, Hillary, may also run the White House for two terms after he leaves office, it will be impossible for Chelsea to get elected in 2008! Why? Because she is only 13 years of age and will be 29 by the time both her father and her mother served two terms each and left office. And our constitution does not allow the election of 29-year-olds to the Oval Office. It says: "Neither shall any person be eligible to that office who shall not have attained the age of 35 years".

Mr Thompson-Noel, who told us that he paid a visit to California and read light material (like The New York Times and a Joseph Wambaugh novel) should have picked up a cheap paperback copy of the US Constitution.

Abdulrahman Abdi,
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Maryland 2074, US

Not so crazy about it either

From Mr Peter J Timmons.

Sir, My sincere thanks to Malcolm Rutherford, who has restored my faith in drama critics. He alone was not caught by the hype surrounding the opening of Crazy for You, and gave the only honest review I have read of this lamentable show which, for some strange reason, seems to be receiving considerable backing from Radio 2. Is this really the purpose of Britain's national radio station?

Peter J Timmons,
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Cost of marketing PEPs inevitable – as is cost to clients

From Mr S M C Kelland.

Sir, Philip Coggan ("The high costs of 'good' advice", March 6) examines three PEPs recently launched by Fidelity, M&G and Cazenove and concludes that M&G "is not being greedy" with its high charging structure – it's just that it has to pay commission to intermediaries.

You may think it odd then that M&G still attracted more money directly from the general public than Cazenove with much lower charges. The reason is that M&G had a much larger marketing campaign to promote its PEP and the costs are of course borne by the client. There is no point in launching a new product unless people buy it: therefore, unless a company like Cazenove can promote its product more cheaply through favourable press comment or existing discretionary clients then it has to advertise, direct mail or pay commission to intermediaries.

His argument that intermediaries should recommend Cazenove over M&G on a pure charging structure is absolutely right. However, he fails to mention that if we did then by the time our fees had been removed the client would be in exactly the same situation. After all, we have to pay for our own marketing costs as do M&G and Cazenove.

Mr Coggan states that the FT would much rather see fee charging financial advisers and I can assure you that I would as well. However, the average member of the public is still not ready to pay fees in the same way that they do for accountants and solicitors.

S M C Kelland,
Kelland and Partners,
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Discrimination is a disgrace

From Mr Onesimo Alvarez-Moro.

Sir, Re Adriana Pulido's defence of the Venezuelan Embassy's lunches at the Garrick (Letter, March 11), it is nice of the Garrick to do women the favour of accepting their presence, when it sells space for special occasions.

Nevertheless, the discrimination against women which the Garrick represents is a disgrace. Neither Ann Coffey, the Labour MP, nor the Venezuela government, should be seen grovelling to the Garrick.

Onesimo Alvarez-Moro,
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28012 Madrid, Spain

SmithKline Beecham suffers double blow

By Paul Abrahams

SMITHKLINE Beecham, the Anglo-American drugs group, received a double blow yesterday.

First, a US food and drug administration committee refused to recommend Kytril, one of its most promising drugs. And secondly, a study was published suggesting that Seroxat, its anti-depressant which analysts believe could reach sales of more than $1bn (£700m), was no more effective than earlier and far less expensive medicines. SB's shares fell 21½p to 469½p.

The study, published in yesterday's British Medical Journal, analysed 58 trials to compare old anti-depressants called tricyclics with a new generation of anti-depressants called selected serotonin reuptake inhibitors (SSRIs).

These include SB's Seroxat, Eli Lilly's Prozac, and Pfizer's Zoloft.

The analysis suggested that SSRIs were no more efficacious than older and cheaper tricyclics. SSRI manufacturers have never claimed this, but have argued their drugs were more effective because they generate fewer side effects. This allows more patients to continue taking their medicines.

However, the study claimed that 32.3 per cent of patients on SSRIs dropped out of the clinical trials compared with 33.2 per cent on tricyclics.

SSRI manufacturers had previously claimed there was a 10 per cent difference in drop-out rates, said Mr Nick Freemantle, research fellow at the Nuffield Institute for Health at Leeds University and co-author of the study.

If that had been true, then the extra cost of SSRIs would have been money well spent. A tricyclic can cost only £1.43 for 30 days treatment, compared with up to £33.90 for an SSRI.

The only sales point left to the SSRIs was that they were less toxic than tricyclics, said Mr Freemantle.

About 400 suicides a year are related to anti-depressants, he added.

The study concluded that first line treatment of depression using SSRIs may greatly increase cost with only questionable benefits and that the drugs should not be routinely used as a first-line treatment for major depression.

In the US, the FDA's gastro-intestinal advisory committee were unable to recommend approval of Kytril, because of potential carcinogenic and cardiovascular side-effects.

Mr Bob Bauman, SB chief executive, said the committee had not felt competent to comment on these issues. The drug is used to prevent nausea in cancer patients receiving chemotherapy.

"We are confident we can resolve these issues with the FDA," he said. "We have already satisfied 20 countries about the safety of this drug. There is no evidence in humans of carcinogenic side-effects."

Kytril had worldwide sales last year of $55m. Glaxo's equivalent drug Zofran has been licenced in 63 countries and generated worldwide sales of £163m during the last six of 1992.

Clark board considers bids

By Peggy Hollinger

THE BOARD of C&J Clark, the family-owned shoe manufacturer riven by shareholder dissension, met yesterday to consider several bids for the company, believed to be pitched at between £150m and £160m.

A decision on which offer will be recommended by the board is expected to be announced in about two weeks, along with the group's annual results. These are expected to show a slight improvement.

One bidder is a consortium of investors including existing institutional shareholders and Electra Investment Trust. Other interested parties are believed to include FII, the UK footwear manufacturer, and Berisford, the food and property group.

Neither Berisford nor FII would confirm or deny involvement in the bid process. Electra was unavailable for comment.

Speculation has centred on offers of between 180p and 220p per share. At 200p, Clark's would be valued at £154m.

C&J Clark put itself up for sale in December following an acrimonious boardroom row over development strategy. The dispute was triggered by a bid approach from consultant Mr Colin Fisher and backed by Electra.

The four board rebels – led by Mr Lance Clark – who sought to unseat the chairman Mr Walter Dickson and director Mr James Power last year are expected to oppose a sale unless the price comes in at the top end of the range.

It is believed they want to retain family control of the business, but would be unable to refuse a high enough price.

The decision to put the company on the open market was part of a truce agreed with the rebels last October.

The bid process began in December when Clark's set up a committee to review offers. Clark's said the board had met five potential bidders. However, sources close to the tender said that only three bids had been tabled.

It is known that many members of the 500-strong Clark family, which controls 70 per cent of the private group, would be keen to sell their shares. Many of them, dependent for their livelihood on the company's dividend payments and hard hit by Lloyds' losses, were shocked when depressed trading and losses forced the group to slash the interim payout by 50 per cent.

In the six months to July, Clark recorded a £3.5m pre-tax loss on sales of £285.1m.

Buy from Heywood will lead to bigger share of the UK market

Pilkington expands via £95m purchase

By Maggie Urry and Andrew Taylor

PILKINGTON, the glass group, is paying £95m for the UK and Irish glass processing and distribution business of Heywood Williams, the building and automotive components distributor.

Pilkington said the purchase would give it vertical integration in the UK similar to the pattern in continental Europe. The acquisition follows the 1990 purchase by St Gobain, the French glass maker, of Solaglass, the second largest UK glass distributor.

The deal, on which Heywood's shareholders will vote on April 1, has many attractions for Pilkington. It would gain a leading 24 per cent of the UK distribution market, letting it market new products direct to customers and improve manufacturing capacity utilisation.

It would also enable Pilkington to use some of its unrelieved advance corporation tax, and would immediately enhance earnings. Pilkington's shares rose 7p to 108p.

However, analysts said the price was high, and feared that although Pilkington would increase its sales to the Heywood business it could lose sales to competitors.

Roger Leverton: tie-up may upset some of our customers

Mr Roger Leverton, Pilkington chief executive since last July, said the group's lack of control of distribution had put it at a disadvantage in the UK market.

If the deal goes through, the Heywood business would increase its glass purchases from Pilkington from the current 60 per cent to 100 per cent.

This would lift Pilkington's capacity utilisation in the UK to around 95 per cent.

Mr Leverton admitted that the price Pilkington was paying showed that Heywood "understood the strategic importance to a glass manufacturer" of gaining control of distribution. But he said the merger benefits would in effect halve the p/e Pilkington was paying.

The businesses being acquired were making an "on-going" profit for 1992 of £5.2m. The added benefit of an 8 per cent rise in the glass price from February 1, which Mr Leverton said was "absolutely sticking", would give an exit p/e of around 17 before the merger benefits.

Mr Ralph Hinchliffe, executive chairman of Heywood, said the structure of the UK glass market had changed radically in recent years, influenced by glass prices down over 30 per cent since 1988, higher imports and St Gobain's acquisition of Solaglass.

"We came to the conclusion that the business under our ownership was unlikely to return to satisfactory levels ofprofitability," said Mr Hinchliffe.

Mr Leverton was conscious that customers of Pilkington which compete with the Heywood businesses could be upset by the tie-up. He said the operation would be run on an arms length basis.

"About 50 per cent of the market is still held by independents who buy a lot of glass from Pilkington. We must ensure that they can live comfortably with us," he said.

The deal would involve a goodwill write-off of £52.6m, and would be financed by debt. This would increase Pilkington's gearing from 80 to 90 per cent, Mr Leverton said.

However, Pilkington expects to recoup "significantly more than £95m" from the sale of its US spectacle lens business.

See Lex

Airtours buys more shares as largest Owners holder accepts

By Richard Gourlay

AIRTOURS, the holiday company, yesterday continued to buy shares in Owners Abroad, the rival holiday company for which it is making a £294m offer ahead of next Tuesday's close.

Airtours' shares rose 6p to 339p yesterday, allowing the company to buy shares in the market at up to 150p, and taking its total purchases in the last two days to 7.13 per cent of Owners.

Airtours is allowed, under takeover rules, to buy in the market up to a price equal to the value of its paper offer, which at the close last night was 149.3p.

It also emerged yesterday that Mercury Asset Management, Owners Abroad's largest shareholder, had accepted the Airtours offer. After purchases of 400,000 shares on Thursday at an average price of 141.5p, MAM holds a 15.04 per cent stake.

The pivotal shareholder is now Phillips & Drew Fund Management, which has been buying shares since the bid was launched and controls about 10.8 per cent.

City observers said yesterday that Thomas Cook, the travel agency which is hoping to form a commercial alliance with Owners Abroad, could still block Airtours' bid by buying shares in the market next week.

Last Monday, Thomas Cook made a tender offer for 12.5 per cent of Owners Abroad's shares at 150p conditional on Airtours' bid failing. Instead of strengthening the Owners' case, the move was broadly greeted as irrelevant, particularly as Airtours' share price continued to climb.

A purchase in the market by Thomas Cook would be doubly effective if the shares were bought from an Owners Abroad shareholder that might have otherwise accepted the Airtours offers.

Airtours' brokers said last night that they were pleased with the purchases in the market, even though there had not been enough sellers at 150p to allow purchase of the 10 per cent stake it is allowed to buy under takeover rules.

Mr David Crossland, Airtours chairman, said he was confident last night but added: "This is a close run thing. Where would Owners' share price be without the bid? I am urging shareholders to accept now."

Heywood sale lifts share price 53p

By Andrew Taylor, Construction Correspondent

SHARES OF Heywood Williams rose 53p to 239p yesterday on news that the company was selling the part of its glass distribution business which supplies the UK construction industry.

According to Heywood 59 per cent of its sales will continue to be generated by the building industry despite the purchase of the largest part of its UK glass division by Pilkington.

Heywood also announced that, including the business to be sold to Pilkington, it made a pre-tax profit of £5.5m in 1992, a decline of 71 per cent from £19.2m in 1991.

Despite a fall in earnings per share to 1.7p (17.4p) the company is maintaining its final dividend at 8p, making a same-again 12.5p total.

Heywood will continue to sell glass to the automotive industry accounting for another 33 per cent of sales. About 70 per cent of group turnover will remain in the UK, according to Mr Ralph Hinchliffe, executive chairman.

There will, however, be a distinct shift in the balance between sales of glass and those of plastic and aluminium – much of which is sold to the building industry for doors and window units.

Plastic and aluminium in future will account for about 63 per cent of sales compared with 37 per cent previously. Glass sales will shrink from 63 per cent to less than 40 per cent, said Mr Hinchliffe.

He said the group was getting out of underperforming businesses which would be better managed by an integrated glass manufacturer like Pilkington. This would allow the company to concentrate on more profitable operations.

Sales of aluminium and plastic extrusions, mostly for housing repair and maintenance, had risen by about 10 per cent during January and February compared with the first two months of last year. Sales in the US, after a record year in 1992, also remained strong.

European markets, however, remained under pressure due to the economic recession.

According to the group, the book profit of £54m on the sale of the UK glass business would, under FRS 3, provide a windfall gain of about £16m to pre-tax profits in the current year.

It would also leave the group with net cash of £65m which it planned to use to finance acquisitions to expand its remaining businesses.

Few sales of Isosceles debt

LENDERS to Isosceles, the Gateway food retail group in the middle of restructuring talks with its banks and shareholders, are finding little success in selling debt in the secondary market, traders said, writes Maggie Urry.

Although many deals have been mooted, at prices around half face value for the senior debt, few trades have been completed, one New York based dealer said. Estimates were that about £20m to £30m of the £1.05bn of senior debt had been sold.

The company said it had not been notified of any debt assignments. Buyers could, however, purchase a "sub-participation" in a loan which would mean the original bank would still be regarded as the lender.

One banker involved in the refinancing talks said that anyone buying the debt was taking a risk since the form of the restructuring was still not agreed.

Bankers said the Isosceles talks were progressing and they hoped to agree the refinancing in principle by the end of the month. Isosceles has a standstill agreement with its banks until May 28, though one said "this could always be extended".

British Gas uncertainty behind Victaulic fall

By Roland Rudd

UNCERTAINTY over the future of British Gas was behind Victaulic's 5.4 per cent fall in pre-tax profits for the year end to December 31.

Profits at the pipes and fitting maker fell from £14.32m to £13.55m on reduced sales of £101.2m (£114.8m).

The company's main market with British Gas has suffered from the uncertainty over the future structure and ownership of the pipeline network.

Mr David Stewart, managing director, said British Gas had cut back on all discretionary spending on the network unless there was a pay-back within a year.

"There has also been a squeeze on costs because of the pricing formula on domestic gas."

Mr Stewart believes the uncertainty will continue after publication of the Monopolies and Mergers Commission report into the future of British Gas. "I do not think we will see any benefits until 1994" said Mr Stewart.

In the group's other main market, there was a reduction in the level of refurbishing distribution mains in the water industry. However, the company benefited from the increased penetration of the market by polyethylene pipe.

Lindapter International, which sells and designs specialised construction products, was bought from the receiver of Henry Barrett Group for £4.8m.

The group still ended the year with net cash of £6.2m.

Earnings per share fell to 20.3p (21.25p). The final dividend is increased to 5.3p (5p) giving a total of 7.8p (7.35p).

EFM Dragon bid forces change at Drayton Asia

By Philip Coggan, Personal Finance Editor

DRAYTON ASIA, the far eastern investment trust, is giving its investors a choice between a unit trust or a new split capital investment trust.

The proposals are designed to defeat an all-share bid from EFM Dragon, a rival trust.

Those who choose the unit trust, Invesco MIM's South and East Asia Growth Trust, will be able to realise their holdings for cash at about 98 per cent of the diluted net asset value of Drayton Asia.

The proposed split capital Asian investment trust will have ordinary shares, zero dividend preference shares and warrants. Investors will be able to choose between a package of the three or a combination of shares and warrants. The trust will be managed by Invesco MIM for a fee of 1 per cent a year.

Drayton said that the investment trust proposals offered investors between 101.5 and 102.3 per cent of its diluted net asset value, compared with 98.7 per cent under the Dragon offer.

Mr Ratan Engineer, the chairman of Drayton Asia said: "With these proposals, shareholders and warrantholders will now have greater choice, enhanced flexibility, new opportunities for gearing and most importantly, better and certain value.

"On this basis, I strongly urge shareholders and warrantholders to continue to reject the Dragon share offer."

EFM Dragon responding by saying: "These proposals are complex, uncertain as to value and the timing of their implementation remains in doubt."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Church & Co ....fin	9.5	May 10	9.5	12.5	12.5
Heywood Williams ...fin	8	Apr 22	8	12.5	12.5
ISA Intl ....fin	1.018	May 31	0.951	1.5	1.365
Victaulic ....fin	5.3	May 14	5	7.8	7.35
Walker (Thomas) ......int	0.18	Apr 23	0.18	-	0.58

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	103	98	For & Col US Smlr Co's ...	102	-½	–	–	–	–
–	F.P.	–	44	30	Do. Warrants	41		–	–	–	–
51	F.P.	–	75	52	Intl. Food Machinery	73	+1	–	–	–	–
–	F.P.	–	95	91	♥Merlin Intl Units	95		H3.4	–	4.8	–
§210	F.P.	–	280	262	Motor World	278		R6.3	2.5	3.0	17.3
100	F.P.	–	100	97½	Pilot Inv. Trust	97½	-1½	–	–	–	–
–	F.P.	–	28	21	Do Warrants	27		–	–	–	–
100	F.P.	–	104	102	Schroder Split Fd Inc	104		M6.75	–	8.7	–
20	F.P.	–	21	19	Do. Cap	21		–	–	–	–
100	F.P.	–	101	99	Do. Zero Div. Pf.	100½		–	–	–	–
25	F.P.	–	26¼	25½	Warrants & Value Tst ...	25¼		–	–	–	–
110	F.P.	–	141	130	Yorkshire Food	130	-8	W2.88	2.6	2.9	15.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	117p	102¼p	Airtours 6¼p (Net) Cv. Pf. (ex-div)	117p	+2½
100p	F.P.	-	121¼p	115½p	Bristol Water 8¼pc Pf.	121¼p	+¼
100p	F.P.	-	112¼p	105¼p	Commercial Union 8¾pc Cm. Pf.	112p	
100	F.P.	-	114⅛	106½	NFC 7¾pc Cv. Bd. 2007	107	-1½
60p	F.P.	-	60p	54p	Merlin Intl. Green Zero Prf.	59¼p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
295	Nil	22/4	62pm	44pm	Berkeley	44pm	-1
405	Nil	23/4	66pm	62pm	British Polythene	66pm	+1
170	Nil	16/4	20pm	17pm	Cookson	18pm	-1
239	Nil	21/4	41pm	40pm	Gold Greenlees Trott	40pm	
52	Nil	13/4	14pm	7pm	Howden Group	14pm	
520	Nil	18/3	67pm	42pm	‡Meggitt-Swain	42pm	-7
10	Nil	8/4	7½pm	2pm	Stonehill Hldgs. A	2pm	
60	Nil	13/4	20pm	14pm	Trafalgar House	18pm	-1
95	Nil	23/4	32pm	22pm	Vickers	32pm	+5
16	Nil	2/4	6pm	4½pm	Wills Group	4½pm	-1
330	Nil	18/5	56pm	34pm	Yorkshire Chemicals	55pm	+1

b Figures based on prospectus estimates. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1993-94. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ◊ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ♥ Units comprising 1 ord and 1 zero pref share

TRADITIONAL OPTIONS

● *First Dealings*	*March 8*
● Last Dealings	March 19
● Last Declarations	June 17
● For settlement	June 28

3-month call rate indications are shown on page 11.

Calls in Alvis, Amstrad, ASDA, Brit. Data Mngemt., Compass, Enterprise Comptr., Gresham Telecmptg., Hartstone, Kwik-Fit, LIT, Microvitec, Nurdin & Peacock, Peek, A. Proudfoot, Proteus, Queens Moat Hses., Ransomes (Ord. & 8.25pc Pref.), Tadpole Tech., Taunton Cider and TR Prop. Inv. Puts in Amstrad, Anglo Pacific and Spring Ram. Doubles in Aran Energy, Hanson warrts., Lex Serv., Lloyds Chemists, Medeva and Queens Moat Hses.

Huntingdon shares fall 22% on profits warning

By Paul Taylor

SHARES IN Huntingdon International Holdings, the life sciences and engineering services group, fell by nearly 22 per cent yesterday after a profits warning and the announcement of a rationalisation of its US-based engineering and environment services group.

The shares closed 45p down at 163p.

Huntingdon said that trading conditions for the US companies were now even worse than when it announced its first quarter profits of £3.73m last month. It further reduced its profit expectations for the second quarter.

At the time of the figures announcement it blamed continuing weakness in the US economy and abnormal weather.

Huntingdon is closing 10 of the engineering and environmental services' 80 US offices "as a result of a strategic review of the company's US businesses, and in the light of the continuing decline in some areas of the US construction and environmental markets." The construction sector has historically contributed more than 50 per cent of the company's US revenues. The costs, estimated at £3m or 2.5p per share, will be taken as an exceptional charge in the present quarter, and is expected to result in an after-tax loss. In last year's second quarter pretax profits were £3.37m.

An improvement in US trading was not expected until a general revival in the economy reached the construction industry.

However the management said that the performance for the the rest of the year to September 30 should be ahead of last year, helped by the continuing strong performance of the life sciences group and the Travers Morgan consulting engineers.

Church rises 11% despite Canadian difficulties

By Catherine Milton

CHURCH & CO, the shoe maker and retailer, yesterday announced pre-tax profits up almost 11 per cent from £1.7m to £1.9m for 1992.

The improvement comes against a background of "exceptionally difficult trading conditions", particularly in Canada, the company said. There, turnover increased by 11 per cent while operating losses grew to £455,000 (£54,000).

Mr John Church, chairman, said: "The devaluation of sterling will help us because we are so heavily involved in the export game."

The final dividend is held at 9.5p for a maintained total of 12.5p, uncovered by earnings per share of 12p (11.6p).

Group turnover increased 5.5 per cent to £68.9m (£65.2m) and operating profits were little changed at £3.16m (£3.17m). Net interest payable fell from £1.26m to £1.09m.

The group said it was pleased with the performance of its UK retail and manufacturing operations. Margins rose to 7.5 per cent (6.2 per cent) and turnover advanced to £49.2m (£48.3m). US losses rose to £88,000 (£15,000).

● A Jones & Sons, Church's wholly-owned subsidiary, lifted pre-tax profits to £569,000 (£290,000). Turnover increased to £30.1m (£28.7m). The dividend is again 34.1p, from earnings per share of 37.6p (27.3p).

Disgruntled franchisees consider action

By Paul Taylor

Disgruntled franchisees have met to consider what action they can take after Mr Howard Hodgson, the former chairman of funeral parlour group, PFG Hodgson Kenyon International, called the receivers into his latest business venture.

Receivers were appointed early last week to Prontac, a year old franchise operation, which provides a computerised book-keeping and management accounts service to small businesses through a network of 85 franchised outlets.

Subsequently, Mr Hodgson called the receivers into Hodgson Securities, a holding company, after months of difficulties with trading companies in the group including Prontac.

The franchisees, who paid between £12,000 and £17,000 for a franchise package and then claim they spent many thousands of pounds more trying to secure a client base, were angry that they had been kept in the dark about the company's problems.

Over half of them met on Thursday to consider what action they should take. They claim that Mr Hodgson and his fellow directors failed to provide them with the marketing expertise, a computerised accounting package that worked, and the necessary support of a network of qualified accountants which they had been promised.

NEWS DIGEST

KBL extends Brown Shipley bid

KREDIETBANK Luxembourgeoise has extended its 30p-a-share offer for Brown Shipley Holdings by a week until next Thursday after adding acceptances of only 1.4 per cent to the 29.8 per cent of the equity that it already owns, writes Jane Fuller.

Since KBL launched the offer, which values BSH at £4.8m, on February 18, a potential rival has appeared. Guinness Peat Group, the UK investment vehicle for New Zealand entrepreneur Sir Ron Brierley, has taken a 22.3 per cent stake, paying 35p a share for the majority of it. BSH's share price closed at 43p yesterday.

GPG announced this week that it was contemplating making a full bid and asked for the same information as had been furnished to KBL.

KBL has stressed that its offer is the only one on the table.

Cut in interest boosts Cussins Property

Cussins Property Group, the residential property developer, reported profits of £740,000 pretax for 1992, against losses of £365,000. Turnover fell from £18.4m to £16.3m.

The main reason was a fall in interest charges from £2.21m to £657,000. The company said a large part of the comparable figure related to discontinued activities. Borrowings were also cut over the 12 months from £8.8m to £6.5m.

A tax credit of £733,000 (£150,000) helped earnings increase to 10.3p (losses 1.9p). However an extraordinary charge of £2.71m (£2.36m), including a full provision on commercial property, left the loss for the year at £1.24m (£2.58m).

Thomas Walker £71,400 in loss

Thomas Walker, the Birmingham-based maker of metal smallwares, incurred a loss of £71,400 pre-tax for the six months ended December 31.

That compared with previous profits of £2,600 and was scored from a turnover of £1.7m (£1.73m). Losses per share emerged at 1.1591p (0.0535p) and the interim dividend is the same at 0.18p.

Headway interim deficit reduced

Headway, the consumer and industrial goods specialist, reduced pre-tax losses from a restated £1.2m to £883,000 in the six months to December 31.

The company, however, budgets for a first-half loss as sales by its dominant garden furniture subsidiary, Aronstead, are heavily biased towards the final quarter.

Losses this time were struck after costs of £103,000 for the major reorganisation of Aronstead.

Turnover for the period was £10.05m (£11.11m) and losses per share were halved at 3.7p. The results have been prepared in accordance with FRS 3.

43% growth at ISA to over £3m

For 1992 pre-tax profits of ISA International, the distributor of branded consumables for information processing equipment, expanded by 43 per cent to £3.04m, against £2.12m.

With turnover ahead 56 per cent to £119m the results were slightly up on directors' estimates given in January at the time of the £7m placing and offer in connection with the acquisition of CTS Svenska.

After year-end tax of £1.15m (£864,000) earnings per share are given as 6.45p (4.31p) while the dividend is lifted to 1.5p (1.365p) with a final of 1.018p.

Tight cost controls help Forward Tech

Tight cost controls in its sound and vision division enabled Forward Technology Industries to return to profit in 1992.

On turnover of £40.2m (£39.8m) pre-tax profits were £186,000, compared with losses of £872,000 which included exceptional costs of £253,000. Earnings per share were nil against losses of 2.4p.

Sound and vision operating profits were £862,000 (£42,000) whereas electronics fell to £460,000 (£601,000).

M T W T F S S

ECONOMIC DIARY

TODAY: Australian election. National Savings results (February).
MONDAY: Index of production (January). Half-yearly update to seasonal adhustment of monetary aggregates (to January). European Community economic ministers meet in Brussels. European Community transport council meets in Brussels. Mr William Clinton, US president, meets Mr Yitzhak Rabin, Israeli prime minister, in Washington. People's congress opens in Beijing. Start of two-day Financial Times conference "The European Water Industry" at the Hotel Inter-Continental in London.
TUESDAY: Budget. Company liquidity (fourth quarter). Public sector borrowing requirement (February). US housing starts (February); current account (quarter four 1992). European Agriculture council meets in Brussels (until Wednesday).
WEDNESDAY: South African budget. Capital expenditure and stockbuilding (fourth quarter). Retail sales (February). US consumer price index (February); industrial production (February); capacity utilisation (February); real earnings (February). Bus strike in London.
THURSDAY: Labour market statistics: unemployment and unfilled vacancies (February-provisional); average earnings indices (January-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Labour Force Survey (September-November 1992). Provisional estimates of monetary aggregates (February). Major British banking groups' monthly statement (February). Building societies monthly figures (February). Provisional figures of vehicle production (February). European Community fisheries council meets in Brussels. Bundesbank council meets.
FRIDAY: Retail prices index and tax and price index (February). Start of two-day informal meeting of the EC industry council in Nyborg, Denmark.

LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*562)	550	28	41	51	10	29	37
	600	7	20	29	41	62	67
ASDA (*70)	67	7½	11½	14	3½	6½	8
	76	3	7	10	8½	12	13
Brit. Airways (*294)	280	21	28	34	6½	20	25
	300	10	19	25	17	31	35
SmKl Bchm A (*469)	460	24	40	50	12	26	33
	500	7	23	34	37	48	55
Boots (*508)	500	24	36	45	11	27	32
	550	4	15	24	45	57	63
B.P. (*279)	260	24	31	36	3½	9½	13
	280	10	20	26	10	18	23
British Steel (*88)	80	10	15	18	2	6	8
	90	4½	9½	12	6	11	13½
Bass (*575)	550	34	54	67	7½	22	28
	600	10	27	41	30	48	53
C & Wire (*710)	700	30	50	65	15	37	46
	750	8	28	42	46	70	77
Courtaulds (*595)	550	55	67	77	4	17	24
	600	19	36	50	21	40	47
Com. Union (*606)	580	37	57	62	6	17	28
	629	11	31	38	31	41	53
Fisons (*210)	200	20	29	37	7½	20	25
	220	9½	19	29	21	32	37
GKN (*472)	460	16	32	38	14	26	38
	500	4	16	21	43	50	60
Grand Met. (*471)	460	24	41	49	8	22	27
	500	6	20	31	34	44	49
I.C.I. (*1270)	1250	30	75	83	52	80	103
	1300	14	50	62	86	107	132
Kingfisher (*548)	535	28	41	52	12	29	37
	584	7	21	31	42	59	67
Ladbroke (*197)	180	21	27	33	5	12	18
	200	8	16	23	15	23	29
Land Secur (*495)	460	43	48	50	2	12	16
	500	13	21	29	12	33	36
M & S (*354)	330	29	36	42	3½	10	14
	360	9	17½	26	14	26	29
Sainsbury (*524)	500	37	48	57	5	18	24
	550	10	22	32	30	45	49
Shell Trans. (*576)	550	34	50	57	4	13	20
	600	6½	22	30	29	36	45
Storehouse (*191)	180	18	27	31	4½	12	15
	200	7	16	21	14	24	27
Trafalgar (*78)	74	8	12	15	3	6	8½
	83	3½	8	10½	8½	11	13
Utd. Biscuits (*377)	360	24	31	39	10	18	22
	390	6½	17	25	29	35	39
Unilever (*1244)	1200	55	80	105	15	35	46
	1250	21	53	77	39	63	73
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*275)	260	36	49	60	18	29	36
	280	27	38	50	28	40	47

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAA (*795)	750	63	72	87	10	24	30
	800	31	44	57	29	43	54
BAT Inds (*946)	900	55	72	83	25	38	52
	950	26	48	60	52	65	81
BTR (*611)	600	19	34½	38	22	30	38
	650	6½	14½	21	60	62	70
Brit. Telecom (*426)	420	23	31	36	12	23	27
	460	6	12	19	37	48	51
Cadbury Sch (*495)	460	37	52	62	7½	15	21
	500	15	27	41	26	32	39
Eastern Elec (*479)	460	35	45	51	11	22	28
	500	14	24	31	30	44	49
Guinness (*468)	460	25	38	48	20	27	35
	500	8	21	31	47	50	57
GEC (*293)	280	22	27	29	6	13	17½
	300	9½	16	22	15	24	28
Hanson (*244)	240	14	18	22	7	12	16
	260	5½	9½	13½	19	23	27½
LASMO (*179)	160	26	32	36	6½	12	17
	180	14	22	27	16	22	28
Lucas Inds (*144)	140	13	18	22	11	15	22
	160	4½	11	12	24	28	35
P. & O. (*566)	550	35	45	55	27	38	54
	600	13	25	33	62	70	87
Pilkington (*106)	100	12½	16	20	6	11	15
	110	8½	11	17	14	17	20
Prudential (*332)	330	14	21	27	18	24	30
	360	5	11	17	40	44	49
R.T.Z. (*668)	650	35	53	67	26	36	47
	700	13	30	44	57	64	77
Scot. & New (*461)	460	22	32	38	18	30	36
	500	6½	15	22	45	56	61
Tesco (*252)	240	20	24	30	9	13	17
	260	9	15	21	19	23	27
Thames Wtr (*538)	500	51	55	59	5	15	19
	550	16	24	31	23	39	44
Vodafone (*407)	390	33	42	52	12	22	28
	420	16	27	37	28	37	34
Option		**Mar**	**Jun**	**Sep**	**Mar**	**Jun**	**Sep**
Abbey Nat. (*379)	360	15	30	38	3½	14	21
	390	2½	16	24	21	30	37
Amstrad (*35)	35	2½	5½	7	2	4	5
	40	1	3	4½	5½	7	8
Barclays (*413)	390	21	38	48	3½	15	25
	420	4	23	32	20	30	40
Blue Circle (*213)	200	18	25	31	2	13	18
	220	5	15	21	10	24	30
British Gas (*309)	300	8½	14½	20	4½	15½	19
	330	1½	4½	9	28	38	40
Dixons (*235)	220	19	31	34	3	11	18
	240	6	20	26	9	19	29
Eurotunnel (*474)	460	25	51	68	10	32	45
	500	6	32	49	35	54	65

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Glaxo (*663)	600	68	92	112	1½	17	28
	650	26	60	82	11	36	49
Hillsdown (*153)	140	15	19	21	1½	8	9½
	160	4½	8	13	6½	20	21
Lonrho (*83)	80	5	11	14	2	7½	10½
	90	1	7	9½	9½	13	17
HSBC 75p shs (*603)	600	23	42	58	15	44	56
	650	5½	24	38	50	75	84
Natl Power (*335)	330	11	24	29	5	14	23
	360	2	11	17	26	32	40
Reuters (*1416)	1400	21	82	120	30	70	90
	1450	11	62	97	65	95	118
R. Royce (*128)	120	10½	14½	19	2	8½	12
	130	4	9½	14	5	14	17½
Scot Power (*247)	240	11	21	24	2	8	15
	260	2	10	14	14	18	28
Sears (*97)	90	9	12	14	1	4	7
	100	2½	6	8½	4½	9½	13
Forte (*204)	200	10	16	20	4½	17	20
	220	2½	7	13	18	31	35
Thorn EMI (*852)	850	17	45	56	12	30	55
	900	3	23	33	48	61	85
TSB (*173)	160	15	22	26	2	7	12
	180	3	12	16	10	17	23
Vaal Reefs (*$39)	30	12	11	13	1½	1½	2½
	40	2½	4½	5½	3	4½	6
Wellcome (*929)	900	38	75	102	9	38	55
	950	13	47	76	34	62	80

EURO FT-SE INDEX (*2914)

	2775	2825	2875	2925	2975	3025	3075	3125
CALLS								
Mar	151	102	57	24	7	3	1½	-
Apr	159	119	85	56	34	18	9	5
May	-	142	-	83	-	42	-	18
Jun	-	165	-	103	-	58	-	29
Sep	-	208	-	150	-	104	-	68
Dec	-	242	-	185	-	135	-	100
PUTS								
Mar	4	6	14	32	65	107	156	-
Apr	14	25	38	58	86	121	161	205
May	-	38	-	78	-	137	-	210
Jun	-	53	-	95	-	150	-	218
Sep	-	83	-	122	-	175	-	238
Dec	-	102	-	142	-	190	-	248

FT-SE INDEX (*)

	2750	2800	2850	2900	2950	3000	3050	3100
CALLS								
Mar	174	126	80	39	14	4	2	1
Apr	189	146	105	72	46	26	14	8
May	203	163	126	95	69	49	33	21
Jun	215	176	142	112	88	65	46	34
Dec †	-	270	-	-	-	-	-	-
PUTS								
Mar	1½	3	8	19	46	89	139	189
Apr	14	21	32	49	74	107	147	191
May	25	34	48	66	92	122	157	197
Jun	32	43	58	80	113	133	-	190
Dec †	-	-	-	150	-	200	-	-

March 12 Total Contracts 35,542
Calls 15,071 Puts 20,471
FT-SE Index Calls 4,974 Puts 12,206
Euro FT-SE Calls 133 Puts 255
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	36	HSBC (75p shs)	39	Ratners	3	Brit Land	7
Allied-Lyons	50	Charter Cons.	52	Hanson	20	Reed Intl	52	Land Sec.	40
Amstrad	3½	Comm Union	52	ICI	75	Sears	9	MEPC	30
Astec (BSR)	3½	Courtaulds	48	Ladbroke	15	SmKl Bchm A	40	■ OILS	
BAT Inds	75	Eurotunnel	30	Legal & Gen	38	TI	28	Arcon Intl.	6
BOC	56	FKI	12	Lex Service	19	TSB	12	Aviva Pet	5
BTR	41	FNFC	7	Lloyds Bank	45	Tesco	20	BP	21
Barclays	30	Forte	14	Lonhro	7	Thorn EMI	70	Burmah Castrol	60
Blue Circle	22	GKN	40	Lucas Inds	13	Tomkins	22	Premier Cons	3
Boots	42	Gen Accident	31	Marks Spencer	25	T & N	15	Shell	36
Bowater	40	GEC	22	NatWest Bank	30	Unilever	72	■ MINES	
Brit Aerospace	24	Glaxo	55	P & O Dfd	40	Vickers	9	RTZ	52
British Steel	8	Grand Met	40	Racal Elect	12	Wellcome	75		
Brit Telecom	28	GRE	15	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Year ago	High *	Low *
GovtSecs(UK)	97.89	97.59	97.88	97.98	98.04	88.38	98.04	85.11
Fixed Interest	113.46	113.73	113.76	113.71	113.83	99.83	113.83	97.15

* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75) Fixed Interest high since compilation: 113.14 (5/3/93), low 50.53 (3/1/75) Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Mar 11	130.7	132.8
Mar 10	126.7	131.3
Mar 9	131.1	134.1
Mar 8	140.7	135.5
Mar 5	134.9	137.4

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Gold edges above seven-year low

GOLD ended the week, in the words of one analyst, "clinging manfully to the ropes by the skin of of its gold-capped teeth." It closed on the London bullion market yesterday at $327.75 a troy ounce, down $2.20 on the week but holding above the successive seven-year lows seen earlier.

The market went into reverse from the beginning of the week, shedding $2.80 on Monday and retreating to $326.05 on Wednesday. It was fixed at consecutive seven-year lows on Tuesday and Wednesday.

The fall was heralded last week by the decline of South Africa's commercial rand to 3.19 against the US dollar, pointed out Ms Rhona O'Connell, analyst at Williams de Broe. At $328 a troy ounce, South African producers were able to sell their gold forward at R1,050, leaving them a healthy profit.

The retreat below the recent trading range between $327 and $332 led many analysts to predict further falls. Mr Lawrence Eagles, of GNI the London futures broker, said the market was looking very bad technically, and predicted a rapid decline if $325 was breached, possibly to below $300 by the end of the year.

While support has held at $325 this week, there is little apart from Far Eastern demand to support the gold market, which has lost its lure for investors in the West. "There is a total lack of interest," said Mr Euan Worthington of S.G. Warburg. "People have other games to play."

Much of the demand in the Far East has come from China. A recent report from American Precious Metals Advisors of the US suggested that the country absorbed 800 tonnes (26m troy ounces) last year. This more than offset the 650 tonnes sold by central banks, including 400 tonnes by the Dutch.

The threat of further central bank sales continues to hang over the market, while any rally is likely to be met by further producer sales – particularly from South Africa.

Events in Russia, where Boris Yeltsin is fighting for his political survival, have helped to boost platinum metal group prices because of fears of supply disruption. Platinum ended up $6.95 on the week at $351.25.

But any so-called "safe-haven" money is expected to go to the US dollar – and the stronger the dollar, the worse for gold.

As one London dealer told the Reuter news agency yesterday: "Gold looks awful which ever way you look at it."

On the London Metal Exchange copper has shone dimly in a week of little interest for the base metals. Three-month metal closed yesterday at £1,546.25 a tonne, up £48.50 on the week. In dollar terms it moved above the $2,200 level.

Mr Nick Moore, analyst with Ord Minnett, said that of all the base metals, copper had the most robust fundamentals. Stocks on New York's Comex had declined by 14 per cent from their mid-February peak to 97,116 tonnes, giving a clear signal that the US was emerging from recession, he said.

However, Mr Phillip Crowson, chief economist with RTZ, the world's biggest mining group, said this week that while the US economy was recovering, the German and Japanese economies were not. He pointed out that Western Europe and Japan accounted for roughly half the Western World's consumption of non-ferrous metals.

"Even with the US recovery gathering momentum, therefore, prices of metals and minerals are unlikely to depart far from their present trading ranges until late in the year at best," he predicted.

LME WAREHOUSE STOCKS
(As at Thursday's close)

		Tonnes
Aluminium	+22,700 to	1,698,700
Copper	+450 to	339,400
Lead	+2,150 to	237,300
Nickel	+848 to	85,530
Zinc	+5,500 to	579,575
Tin	+595 to	18,990

In the softs markets cocoa has continued to slide, again giving delegates to next week's International Cocoa Organisation council meeting plenty to chew on as they struggle to reach a compromise that might lead to a new agreement with economic clauses.

The London May contract closed yesterday at £689 a tonne, a fall of £20 on the week and £73 off the recent peak.

The retreat has mainly been attributed to the failure of last week's talks on the cocoa pact in Geneva. Profit taking by a few speculators who were gambling on the talks succeeding turned into technical selling as chart levels were breached.

"There has been long liquidation by the speculators, the trade, the funds and the industry," said Mr Tony Chadwick, of Prudential Bache. The situation had been worsened by the fact that the market had absorbed a lot of selling from producer countries during the recent rally.

Consumer and producer delegates in Geneva were able to agree only that 350,000 tonnes of cocoa should be withheld from the world market. They will be trying next week to agree on how a withholding scheme should be financed, and at what level prices should be defended. Any progress could lead them back to Geneva.

The New York raw sugar market, which has been pushed over 10 cents a lb by cuts in the estimated level of Thai production because of drought, went into retreat at the beginning of the week. But yet another cut in the Thai production forecast to 3.51m tonnes – the lowest level for five years – moved the market smartly up again.

The fall in estimates for Thai production has been quite dramatic – from an early season forecast of 5m tonnes it came down to 4.44m tonnes at the end of last month and 3.86m tonnes last week. Thai production is likely to remain the key factor in the sugar market, with some analysts expecting a move above 11 cents soon.

David Blackwell

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Mar 12	Day's change %	Thu Mar 11	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	130.12	+0.19	129.87	2.18	1.98
2	5-15 years (22)	150.27	+0.24	150.40	1.45	3.52
3	Over 15 years (8)	158.98	+0.32	158.47	0.76	3.10
4	Irredeemables (6)	181.57	-0.08	181.73	2.70	1.48
5	All stocks (60)	146.20	+0.24	146.09	1.64	2.90
	Index-Linked					
6	Up to 5 years (2)	183.95	+0.03	183.90	0.26	1.51
7	Over 5 years (12)	172.90	-0.02	172.94	0.66	1.14
8	All stocks (14)	173.23	-0.02	173.26	0.61	1.19
9	Debs & Loans (67)	129.39	-0.04	129.44	2.17	2.24

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 12	Thu Mar 11	Year ago (approx.)	1992/93 High	1992/93 Low
	British Government						
1	Low	5 years	6.45	6.51	9.28	10.03 15/9 /92	6.33 19/2 /93
2	Coupons	15 years	7.61	7.65	9.50	9.72 1 /4 /92	7.55 8 /3 /93
3	(0%-7¾%)	20 years	7.91	7.93	9.50	9.72 1 /4 /92	7.83 8 /3 /93
4	Medium	5 years	6.74	6.78	9.89	10.28 1 /4 /92	6.74 8 /3 /93
5	Coupons	15 years	8.12	8.14	9.63	9.82 1 /4 /92	8.06 8 /3 /93
6	(8%-10¾%)	20 years	8.30	8.32	9.57	9.76 1 /4 /92	8.23 10/3 /93
7	High	5 years	6.90	6.95	10.12	10.50 1 /4 /92	6.89 8 /3 /93
8	Coupons	15 years	8.33	8.36	9.75	9.96 1 /4 /92	8.27 8 /3 /93
9	(11%-)	20 years	8.43	8.45	9.66	9.98 5 /10/92	8.36 8 /3 /93
10	Irredeemables(Flat Yield)		8.39	8.38	9.65	9.92 2 /4 /92	8.31 8 /3 /93
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	2.03	2.02	3.70	5.06 16/9 /92	1.82 12/2 /93
12	Inflation rate 5%	Over 5 yrs.	3.45	3.44	4.48	4.76 16/9 /92	3.44 10/3 /93
13	Inflation rate 10%	Up to 5 yrs.	1.22	1.20	3.07	4.23 16/9 /92	0.92 12/2 /93
14	Inflation rate 10%	Over 5 yrs.	3.28	3.27	4.31	4.56 16/9 /92	3.26 10/3 /93
15	Debs &	5 years	8.42	8.49	11.06	11.51 6 /4 /92	8.42 12/3 /93
16	Loans	15 years	9.22	9.23	10.82	11.22 6 /4 /92	9.14 10/3 /93
17		25 years	9.47	9.46	10.66	11.02 6 /4 /92	9.38 10/3 /93

VW confirms Lopez has left key position at GM

By David Waller in Frankfurt and Martin Dickson in New York

VOLKSWAGEN, Europe's largest car manufacturer, confirmed yesterday that it has persuaded Mr Ignacio Lopez de Arriortua to leave his job as head of global purchasing at General Motors in the US.

The move comes only weeks after GM and VW both denied reports that Mr Lopez, who has a reputation as a tough cost cutter, would be leaving to join the German group as part of an overhaul of VW top management.

VW refused to say what Mr Lopez's role would be, but it is widely expected that he will be put in charge of world purchasing following the meeting of the company's supervisory board on Tuesday next week.

Mr Lopez, who last year moved within GM from Europe to Detroit, is credited with giving GM the most competitive cost base of any of Europe's volume carmakers.

VW sold a record number of cars last year but is labouring under a number of serious problems amid what chief executive Mr Ferdinand Piëch last week called the most severe downturn in the German car industry since 1945.

Part of the response has been to put pressure on suppliers to cut prices but it is believed that the company plans to implement an overhaul of its sourcing arrangements, headed by Mr Lopez.

Operating losses in the core VW division are thought to have been DM1bn ($619m) last year.

The company is planning to cut its workforce by 36,000 people to 276,000 by the end of 1997, a reduction of 13 per cent.

Mr Lopez's departure casts doubt on the future of GM's cost reduction programme, which is a vital part of the company's efforts to restore to profit its loss-making North American carmaking operations.

GM insisted yesterday that Mr Lopez had put in place a sufficiently strong team, and so changed the group's methods of parts purchasing, that the programme could roll on without him.

Some analysts said the costs drive was so much a product of Mr Lopez's iconoclastic management style that it was likely to suffer from his departure after only 10 months in the job.

Fujitsu forecasts Y20bn loss

By Michiyo Nakamoto in Tokyo

FUJITSU, Japan's largest computer maker and number two in the world rankings, expects to post a pre-tax loss this year, the first since the group was listed on the Tokyo stock exchange in 1949.

Fujitsu, which owns ICL, the UK computer company, yesterday said the unexpected length of Japan's economic slowdown would leave the group with a pre-tax loss on a consolidated basis of Y20bn ($159.2m) for the year ending March, 1993. This reverses an earlier Fujitsu forecast of a Y30bn profit.

The Japanese computer group, which emulated and strove to surpass IBM, the US computer group, will end up following its fiercest rival into the red.

Fujitsu says it will pay a final dividend of Y3 a share and not the Y5 forecast. Consolidated revenues, which were forecast in October to be Y3,600bn would instead be Y150bn less at Y3,400bn. However, ICL was expected to make a profit, Fujitsu said.

Fujitsu said that the profit revision comes as a result of the sharp fall in demand for computers and in profit margins from computers. While markets worldwide have been affected by the slump in corporate investment, the Japanese computer market, in particular, has been hit by cuts in capital investment by corporations and financial institutions.

While computer companies normally expect a burst of demand from customers just before the closing of books in March, this year that demand did not materialise, the group said.

The Japanese computer market in the past five months has been disrupted by price cuts, which have eaten into the profit margins of computer manufacturers.

Of the Y90bn difference between Fujitsu's profits forecast in October and its latest forecast, Y75bn relates to its computer business, Y5bn to electronic devices and Y10bn to communications equipment, Fujitsu said.

Fujitsu has a heavy financial burden after its purchase of ICL for £700m and recent expansion of its semiconductor manufacturing capacity in the UK.

The group announced earlier this week that it would reduce graduate intake next year to 300 people, compared with 2,200 this year and nearly 4,000 in 1989.

Capital spending is expected to remain at this year's level while R&D expenditure is gradually reduced.

German bourse chief executive to step down

By David Waller in Frankfurt

MR Rüdiger von Rosen, one of the most prominent figures in the campaign to strengthen Germany's financial markets in recent years, is to step down as chief executive of the Deutsche Börse, the single German stock exchange which came into being at the beginning of the year.

The move came as a surprise in Frankfurt as it was only recently that Mr von Rosen had his contract as chief executive renewed until the end of 1994.

He is to be replaced by Mr Werner Seifert, a Swiss businessman who is main board director of Swiss Re responsible for the company's primary insurance activities.

Mr von Rosen will retain his job as chief executive until the end of July when Mr Seifert, 44, will take over. The official statement said that Mr von Rosen would stay on as an ordinary member of the managing board but Frankfurt financiers said that this was unlikely.

Mr von Rosen, 49, was not available for comment yesterday. He is a former head of press relations at the Bundesbank and personal assistant to Mr Karl Otto Pöhl, former president of the German central bank.

He is one of the more outspoken figures on the German financial scene. He left the Bundesbank in 1986 to take up a position as managing director of the Frankfurt stock exchange, the largest in Germany.

He was an important figure in the campaign which led ultimately to the creation of the Deutsche Börse, a holding structure which brings Germany's eight regional stock-exchanges partially under one roof.

It encompasses the DTB futures and options market and the Kassenverein settlements organisation.

Bankers said the move reflected the influence of Mr Rolf Breuer, main board director of Deutsche Bank and head of the Deutsche Börse's supervisory board. A statement issued by Mr Breuer said that Mr Seifert's appointment was necessary to complete the Deutsche Börse's management board.

This would help the process of integrating the different parts of the Deutsche Börse's activities and the goal of increasing the transparency and liquidity of Germany's financial markets, the statement said.

American Express in $1bn disposal

By Alan Friedman in New York

AMERICAN EXPRESS, the troubled financial services and travel group, yesterday formally announced the $1bn sale of the retail broking and asset management businesses of its Shearson Lehman arm to Mr Sandy Weill's Primerica financial services group.

The deal will lead to the creation of Smith Barney Shearson after Primerica merges its Smith Barney securities subsidiary with Shearson. The combined entity will have more than $112bn of assets under management, 10,500 brokers and almost 500 branch offices.

As a result Mr Weill is now in a position to challenge Merrill Lynch's position as the leading US brokerage house.

The deal will cause first quarter write-offs at American Express of about $730m for transaction-related costs such as severance, relocation and systems modifications plus a write-down of $750m in Shearson's goodwill.

American Express stressed that the first-quarter losses it expects to suffer on the Shearson deal would be offset in part by the previously announced plan to sell The Boston Company for $1.47bn and anticipated gains from the sale of $1bn of stock representing majority control of First Data Corporation, the group's data processing subsidiary.

The Shearson takeover was hailed on Wall Street yesterday as a coup for Mr Weill, who built Shearson in the 1970s and sold it to American Express in 1981 for $900m. Following this deal, Mr Weill became the president of American Express, only to resign in 1985.

The 59-year-old Mr Weill, who yesterday named Mr Frank Zarb, Smith Barney's chairman, to head the new brokerage house, has agreed to pay American Express $850m in cash, $125m in Primerica convertible preferred stock and $25m in Primerica common equity warrants.

In addition, Primerica will pay American Express future contingent amounts based on the new unit's performance – up to $50m a year for three years plus 10 per cent of after-tax profits that exceed $250m a year over the next five years.

Primerica will finance the deal by issuing $550m of new debt securities and $500m of equity-equivalent securities.

Lehman Brothers is not part of the Primerica deal, but American Express said yesterday that among its options would be a public share offer of Lehman stock.

Shearson Lehman last year suffered $116m of losses. Smith Barney last year had $170.1m of earnings.

Mr Harvey Golub, the American Express chief executive who took over last month after the departure of Mr James Robinson, yesterday moved quickly to outline a new group strategy that will focus on a leaner business based on its three main subsidiaries.

Crédit Lyonnais may fall into red

By Alice Rawsthorn in Paris

CREDIT Lyonnais, the big French bank clouded by controversy following aggressive expansion, last year had its worst results for two decades, according to Mr Jean-Yves Haberer, chairman.

This suggests that Crédit Lyonnais, one of Europe's biggest banks and a flagship of the French public sector, may have made a loss in 1992 since in 1974 the group fell into the red with a net loss of FFr177m ($31.49m) under the impact of recession and a prolonged strike.

Mr Haberer said in an interview with a French newspaper yesterday that it would not be possible to privatise Crédit Lyonnais in current economic conditions. France's conservative coalition, which is the firm favourite to win this month's parliamentary elections, has confirmed that it hoped to privatise both Crédit Lyonnais and Banque Nationale de Paris, the other large state-controlled bank.

Jean-Yves Haberer: worst result for 20 years

Crédit Lyonnais was last year affected by the slowdown in the French economy and the legacy of the aggressive lending policy it pursued since Mr Haberer became chairman in 1988.

As a result, it has been much more vulnerable than other French banks to the weakest areas of the economy, notably commercial property and small businesses. It has been hit by its involvement with a number of international corporate failures, including Mr Robert Maxwell's media group, the Olympia & York property company and MGM, the troubled Hollywood film studio.

Mr Haberer, who was appointed by the current socialist administration and whose position may be jeopardised by a change of government, blamed last year's poor performance on a steep increase in provisions.

He said Crédit Lyonnais had been badly affected by its exposure to property and business failures in France and by the difficulties of its Dutch subsidiary, which was responsible for the MGM deal.

Crédit Lyonnais has announced that it barely broke even in the first half of last year with net profits of just FFr119m after provisions of FFr6.3bn. Mr Haberer said it would be forced to make higher provisions for the second half.

CRA bids A$716m for coal group

By Kevin Brown in Sydney

CRA, the Australian mining group, yesterday launched a hostile takeover bid for Coal & Allied Industries (Cail), a coal producer in the Hunter Valley area of New South Wales, almost exactly two years after the failure of an earlier offer.

The A$11.50 a share bid values Cail at A$716m (US$487m). CRA owns 40.4 per cent of Cail following a A$7.85 a share offer in March 1991, and the purchase of a further 2.9 per cent stake yesterday.

The offer is conditional on approval by the Foreign Investment Review Board (Firb) because CRA is 49 per cent owned by RTZ of the UK, the world's biggest mining group.

Mr John Ralph, CRA chief executive, said the acquisition of Cail was an integral part of the group's strategy of increasing the size of its coal business. However, he said the offer would not be increased.

Mr Tony Haraldson, Cail chief executive, urged shareholders not to respond to the offer until it had been considered by the board. He said the board would probably meet early next week.

The long-awaited bid represents CRA's second attempt to leapfrog Broken Hill Proprietary (BHP) as Australia's biggest coal producer by acquiring control of Cail.

The offer, which is pitched at 14 times average brokers' forecasts for CAIL's earnings for the year ending June, represents a premium of 28 per cent over the A$9.05 closing price of Cail shares on Thursday.

However, Cail shares closed A$2.05 higher at A$11.50 yesterday.

Hudson's Bay improves 41%

HUDSON'S BAY, Canada's biggest retailer, surprised the market with a 31 per cent gain in final-quarter profits to push earnings for the year ended January ahead by 41 per cent, Robert Gibbens writes from Montreal.

The group benefited from strong Christmas sales, declining cross-border shopping, lower interest costs and a better economy in western Canada. Full-year profits were C$116.7m (US$93.8m) or C$2.32 a share, against C$82.8m or C$1.61 a share. Sales totalled C$5.15bn, up 2 per cent.

Second shake-up at Posco in six months

By John Burton in Seoul

SENIOR management at Pohang Iron and Steel (Posco), the world's third largest steel company, changed yesterday for the second time in six months.

The reshuffle is related to the forced resignation from the state-run steel company of Mr Park Tae-joon, its founder, for his political opposition to South Korea's new president. The departure yesterday of Mr Park as Posco honorary chairman triggered the resignation of two top aides, Mr Hwang Kyung-ro, chairman, and Mr Park Tuk-pyo, president.

The two men were promoted last October when Mr Park stepped down as chairman due to his refusal to support Mr Kim Young-sam as the presidential candidate.

Posco's new chairman is Mr Chung Myung-sik, current vice-chairman. The new president is Mr Cho Mal-soo, vice-president for new business investment and purchasing.

N American side lifts ABN Amro

By Ronald van de Krol in Amsterdam

NET profits at ABN Amro, the Netherlands' largest bank, rose by nearly 10 per cent in 1992 with buoyant results from North America helping to compensate for a relatively sluggish performance at home and in Europe.

The bank said net profit climbed by 9.6 per cent to Fl1.68bn ($908m), while profit per share rose by a more moderate 5.6 per cent to Fl5.51. The dividend is being held at Fl2.90.

"Given the fact that 1992 was not an easy year in several countries, the result is satisfactory," said Mr Robert Hazelhoff, ABN Amro's chairman.

Total revenue at the bank was up 8.5 per cent at Fl12.28bn, while total costs saw the same percentage increase to Fl8.32bn, producing an 8.5 per cent gain in gross profits to Fl3.97bn.

ABN Amro attributed the high rate of growth in costs to the acquisitions last year of Talman Home Federal Savings of Illinois, the London-based European operations of stockbrokers Hoare Govett, and CM Capital Markets of Spain.

The first-time consolidation of Talman helped double ABN Amro's gross profits in North America to Fl811m. Without Talman, results would have risen by nearly 68 per cent. Mr Hazelhoff said the emerging recovery in the US had led to a rise in demand for credit from small and medium-sized businesses.

Lending in the US rose by 38.9 per cent, compared with just 3.7 per cent in Europe and 7.2 per cent in the Netherlands.

At home, gross results fell by 3.4 per cent to Fl2.5bn from Fl2.59bn in 1991. The previous year's figures had been flattered by nearly Fl200m in book profits from the divestment of two intermediary companies.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992/93	Low 1992/93
Gold per troy oz.	$327.75	-2.2	$347	$358.40	$326.05
Silver Per troy oz	254.0p	+4.5	240.14p	265.50p	187.58p
Aluminium 99.7% (cash)	$1151.5	+11	$1282.5	$1339.0	$1105.5
Copper Grade A (cash)	£1521	+46.5	£1300.5	£1561.0	£1125.0
Lead(cash)	£280.5	-4	£297.75	£383.5	£277.50
Nickel (cash)	$5965	+32.5	$7445	$8196.0	$5316
Zinc SHG (cash)	$1008.5	+10.5	$1231	$1457.5	$1008.5
Tin (cash)	$5667.5	-2.5	$5610	$7115.0	$5425.0
Cocoa Futures (May)	£690	-19	£676	£751	£523
Coffee Futures (May)	$913	-87	$481	$1039	$876
Sugar (LDP Raw)	$249.6	-2.4	$212.1	$272.6	$193
Barley Futures (May)	£139.25	-1.75	£115.5	£144.50	£106.90
Wheat Futures (May)	£144.10	-2.15	£127.15	£148.00	£109.85
Cotton Outlook A Index	*62.05c*	*+0.4*	*54.60c*	*65.90c*	*52.25c*
Wool (64s Super)	392	-5	472p	480p	364p
Oil (Brent Blend)	$18.71x	-0.785	$17.75	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents lb, x-Apr.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Apr)		+ or -
Dubai	$16.25-6.27	+0.06
Brent Blend (dated)	$18.75-8.77	+0.09
Brent Blend (Apr)	$18.70-8.72	+0.11
W.T.I (1 pm est)	$20.20-0.22	+0.10

Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$196-198	
Gas Oil	$176-177	+1
Heavy Fuel Oil	$76-78	
Naphtha	$172-173	+2
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$327.75	+0.8
Silver (per troy oz)♣	362.5c	+1
Platinum (per troy oz)	$351.25	+0.75
Palladium (per troy oz)	$108.65	-0.35
Copper (US Producer)	100.6c	+0.6
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.59r	+0.09
Tin (New York)	262.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	137.41p	+1.66*
Sheep (live weight)†♣	115.17p	-6.56*
Pigs (live weight)†	89.94p	+1.79*
London daily sugar (raw)	$249.6	+1.6
London daily sugar (white)	$279.0	
Tate and Lyle export price	£285.5	+1
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£169.0	
Wheat (US Dark Northern)	Unq	
Rubber (Apr)♥	63.75p	
Rubber (May)♥	64.25p	
Rubber (KL RSS No 1 Feb)	*220.0m*	-0.5
Coconut oil (Philippines)§	$425.0y	-7.5
Palm Oil (Malaysian)§	$410.0	
Copra (Philippines)§	$285.0	+2.5
Soyabeans (US)	£181.5	-1.5
Cotton "A" index	62.05c	-0.25
Wooltops (64s Super)	392p	-5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Apr/May u-Mar/Apr. x-Aug. w-Feb/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
May	234.00	226.00	234.00	227.00
Aug	240.00	232.00	231.00	
Oct	218.00	215.00	214.00	

White	Close	Previous	High/Low	
May	282.00	276.50	282.50	275.00
Aug	284.50	280.00	286.50	278.50
Oct	263.50	259.50	264.00	258.00

Turnover: Raw 132 (10) lots of 50 tonnes. White 1405 (1744) Paris- White (FFr per tonne): May 1596.42 Aug 1641.26

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Apr	18.78	18.55	18.85	18.62
May	18.80	18.58	18.84	18.65
Jun	18.80	18.55	18.84	18.70
Jul	18.79	18.61	18.82	18.66
Aug	18.80	18.60	18.80	18.65
Sep	18.80	18.60	18.86	18.76
Oct	18.81	18.81	18.84	18.79
Nov	18.80	18.66	18.83	18.80
IPE Index	18.85	19.07		

Turnover 44872 (65209)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Apr	173.25	172.50	174.50	172.50
May	172.75	171.50	173.50	171.75
Jun	172.25	171.25	173.00	171.75
Jul	173.00	172.25	173.75	172.50
Aug	175.00	174.00	174.75	
Sep	177.00	176.25	177.00	176.50
Oct	179.25	178.50	180.25	179.00
Nov	181.25	180.25	182.25	181.00
Dec	182.75		184.00	183.00

Turnover 10356 (24823) lots of 100 tonnes

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Mar	676	670	681	676
May	690	678	693	683
Jul	702	690	705	696
Sep	714	703	716	709
Dec	734	723	737	726
Mar	753	743	757	748
May	767	758	770	761
Sep	794	786	796	

Turnover: 6666 (13175) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Mar 11 677.34 (680.40) 10 day average for Mar 12 712.60 (720.18)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Mar	967	970	971	960
May	913	919	918	905
Jul	884	894	892	880
Sep	892	902	899	891
Nov	901	912	909	900
Jan	913	916	919	911

Turnover:1941 (2648) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Mar 11: Comp. daily 56.10 (55.56) 15 day average 57.03 (57.23)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	39.2	39.5	39.1	39.0
May	41.5	43.0	42.1	41.0
Apr	93.0	93.0	92.1	92.0

Turnover 112 (134) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	142.00	143.00	142.00
Aug	143.50	144.00	143.50

Turnover 20 (20) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Mar	1450	1442	1450	1445
Apr	1435	1435	1445	1435
May	1400	1397	1409	1400
Jul	1246	1235	1255	1241
Oct	1365	1365	1375	1365
BFI	1428	1409		

Turnover 364 (216)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Mar	142.50	143.00	143.00	
May	144.10	144.50	145.00	144.60
Sep	145.75	109.00	146.00	145.75
Nov	109.00	111.05	109.00	
Jan	114.35	114.00	114.35	

Barley	Close	Previous	High/Low	
Mar	143.00		147.00	143.00
May	139.25	140.00	139.75	

Turnover: Wheat 140 (244), Barley 42 (8). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	115.5	116.0	115.0
May	115.5	116.0	115.0
Jun	112.5	113.0	112.5

Turnover:12 (42) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 54,090 lots
Cash	1151-52	1151-52	1154.5	1154.5-55		
3 months	1173-74	1172.5-73	1178.5/1171	1178-75.5	1171-71.5	166,894 lots
Copper, Grade A (£ per tonne)						Total daily turnover 50,212 lots
Cash	1520.5-21.5	1499.5-01.5	1525	1525-25.5		
3 months	1546-46.5	1524.5-25.5	1559/1545	1549.5-50	1548-48.5	160,622 lots
Lead (£ per tonne)						Total daily turnover 4,260 lots
Cash	280-81	284.5-85.5		281.5-82		
3 months	289.5-90	294-95	293/289.5	291.5-92	289.5-90	20,232 lots
Nickel ($ per tonne)						Total daily turnover 6,631 lots
Cash	5960-70	5980-90	5975/5970	5975-80		
3 months	6030-35	6049-50	6060/6030	6035-40	6025-30	41,569 lots
Tin ($ per tonne)						Total daily turnover 1,443 lots
Cash	*5665-70*	*5645-55*		*5655-60*		
3 months	5728-30	5700-05	5725/5705	5715-20	5720-30	6,137 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 10,351 lots
Cash	1008-09	998.5-00.5	1010.5	1010.5-11		
3 months	1027-28	1018-19	1036/1026	1029-30	1027.5-28.5	70,767 lots

LME Closing £/$ rate: SPOT: 1.4335 3 months: 1.4246 6 months: 1.4192 9 months: 1.4135

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	327.60-327.90	
Opening	326.80-327.20	
Morning fix	326.50	228.066
Afternoon fix	327.00	228.193
Day's high	327.30-327.60	
Day's low	326.40-326.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.55	6 months	2.44
2 months	2.50	12 months	2.41
3 months	2.49		

Silver fix	p/troy oz	US cts equiv
Spot	254.00	364.00
3 months	257.60	366.80
6 months	261.05	369.85
12 months	267.45	376.35

GOLD COINS

	$ price	£ equivalent
Krugerrand	326.50-329.50	228.00-230.00
Maple leaf	336.90-339.00	-
New Sovereign	78.00-81.00	54.00-56.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Apr	Jul	Apr	Jul
1125	62	87	3	4
1150	20	49	8	15
1175	3	23	40	38

Copper (Grade A)	Calls		Puts	
2100	98	123	3	15
2150	54	58	30	48
2200	24	21	108	110

Coffee	May	Jul	May	Jul
900	46	44	32	60
950	24	28	61	94
1000	13	16	100	134

Cocoa	May	Jul	May	Jul
725	10	30	45	53
750	5	22	68	70
775	2	16	87	89

Brent Crude	Apr	May	Apr	May
1850	10	53		30
1900	2	32	1	
1950	1	16	42	90

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	328.0	327.1	0	0
Apr	328.5	327.6	329.0	327.0
May	329.1	328.2	0	0
Jun	329.7	328.8	330.2	328.3
Aug	331.1	330.2	331.5	330.0
Oct	332.6	331.7	332.4	332.4
Dec	334.1	333.2	334.5	333.0
Feb	335.7	334.8	336.0	334.5
Apr	337.3	336.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	352.3	349.3	352.6	349.6
Jul	351.3	348.3	352.0	348.5
Oct	350.6	347.1	350.5	350.0
Jan	349.1	345.6	349.0	349.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	361.9	361.6	362.5	361.5
Apr	362.7	362.7	364.5	364.5
May	363.7	363.7	366.0	363.0
Jul	366.1	366.1	368.5	365.5
Sep	368.6	368.6	370.0	369.0
Dec	372.2	372.2	374.0	372.0
Jan	372.6	372.6	0	0
Mar	375.8	375.8	375.5	375.5
May	378.5	378.5	380.0	380.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	97.85	97.10	98.05	97.00
Apr	98.25	97.30	98.15	97.50
May	98.65	97.70	98.80	97.80
Jun	99.00	98.05	0	0
Jul	99.30	98.40	99.45	98.25
Aug	99.60	98.75	0	0
Sep	99.95	99.10	100.00	99.20

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	20.27	20.13	20.38	20.18
May	20.40	20.24	20.49	20.30
Jun	20.44	20.30	20.53	20.35
Jul	20.46	20.33	20.55	20.42
Aug	20.50	20.35	20.58	20.45
Sep	20.47	20.36	20.55	20.46
Oct	20.52	20.38	20.52	20.47
Nov	20.48	20.38	20.52	20.45
Dec	20.45	20.35	20.52	20.45
Jan	20.50	20.33	20.49	20.45

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	58.10	57.32	58.35	57.50
May	57.15	56.27	57.30	56.60
Jun	56.36	55.56	56.40	55.75
Jul	56.25	55.56	56.40	55.80
Aug	56.75	56.16	56.75	56.45
Sep	57.55	57.16	57.55	57.40
Oct	58.35	58.16	58.50	58.35
Nov	59.60	59.01	59.60	59.30
Dec	60.35	59.86	60.35	60.05
Jan	60.35	60.29	60.85	60.25

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	855	838	855	855
May	874	860	877	861
Jul	897	885	900	886
Sep	920	910	924	910
Dec	956	945	960	946
Mar	990	980	992	983
May	1012	1002	1006	999
Jul	1037	1027	0	0
Sep	1065	1055	0	0
Dec	1090	1080	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	59.50	59.40	60.00	59.50
May	61.70	62.15	62.30	61.30
Jul	63.30	63.85	64.10	63.20
Sep	65.00	65.65	65.65	64.90
Dec	67.45	68.20	68.00	67.40
Mar	69.95	70.80	72.00	69.90
May	71.95	72.25	72.10	71.95

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	10.55	10.21	10.67	10.02
Jul	10.76	10.40	10.84	10.28
Oct	9.81	9.58	9.83	9.50
Mar	9.38	9.15	9.38	9.10
May	9.38	9.13	0	0
Jul	9.39	9.16	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	64.75	64.20	64.85	63.95
Jul	65.61	65.12	65.65	64.80
Oct	64.25	63.92	64.36	63.97
Dec	63.20	62.90	63.20	62.75
Mar	63.95	63.65	63.60	63.60
May	64.49	64.22	0	0
Jul	64.98	64.65	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	74.15	76.60	80.25	74.10
May	74.90	79.45	83.75	74.00
Jul	77.70	82.45	86.60	77.45
Sep	79.90	84.90	89.00	79.90
Nov	82.15	87.15	90.10	82.15
Jan	85.00	90.00	93.90	85.00
Mar	93.50	91.00	94.00	93.00
May	93.00	91.00	0	0
Jul	93.00	91.00	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Mar.12	Mar.11	mnth ago	yr ago
1762.4	1763.9	1782.0	1621.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar.11	Mar.10	mnth ago	yr ago
Spot	124.21	124.54	124.39	118.19
Futures	130.84	130.32	124.82	122.04

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	575/4	576/0	578/6	574/0
May	578/6	578/0	581/2	576/4
Jul	581/6	582/6	586/0	580/0
Aug	584/0	585/4	588/0	582/6
Sep	584/6	587/2	589/2	584/4
Nov	591/0	592/4	595/4	590/0
Jan	598/4	600/4	602/4	598/0
Mar	607/0	607/4	609/0	607/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.66	20.84	20.96	20.64
May	20.87	21.11	21.20	20.85
Jul	21.12	21.32	21.40	21.05
Aug	21.18	21.38	21.46	21.18
Sep	21.27	21.44	21.53	21.25
Oct	21.30	21.49	21.63	21.30
Dec	21.48	21.60	21.75	21.46
Jan	21.55	21.84	21.77	21.55

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	176.9	177.6	177.3	176.6
May	178.9	179.4	179.1	178.3
Jul	180.9	181.3	181.2	180.4
Aug	181.9	182.4	182.5	181.7
Sep	183.0	183.7	183.8	182.9
Oct	184.3	185.0	186.0	184.2
Dec	187.0	187.6	187.8	187.0
Jan	187.3	188.4	188.2	187.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	213/4	214/4	215/0	213/2
May	219/4	221/0	221/4	219/2
Jul	226/0	227/6	228/0	225/6
Sep	231/4	233/2	233/2	231/2
Dec	239/0	240/2	240/2	238/6
Mar	245/6	247/0	247/0	245/6
May	249/6	250/6	251/0	249/6
Dec	247/4	249/4	249/0	247/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	365/4	368/2	368/6	364/2
May	323/0	326/4	326/4	322/0
Jul	301/4	305/4	305/4	301/0
Sep	305/6	309/6	309/2	305/0
Dec	314/4	318/6	318/4	314/2
Mar	319/0	323/0	321/0	319/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	82.300	82.100	82.400	81.750
Jun	76.150	76.200	76.325	75.750
Aug	72.200	72.125	72.450	71.950
Oct	72.575	72.650	72.800	72.400
Dec	73.075	73.375	73.300	73.000
Feb	72.375	72.725	72.750	72.375
Apr	73.650	73.700	0	73.650

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	47.900	48.450	48.700	47.860
Jun	52.975	53.550	53.600	52.850
Jul	50.525	51.200	51.300	50.500
Aug	48.175	48.650	48.725	48.150
Oct	43.600	43.650	43.900	43.625
Dec	44.650	44.750	44.900	44.550
Feb	44.700	44.900	44.900	44.700

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	45.975	46.675	46.850	45.800
May	47.250	48.000	48.250	47.150
Jul	47.875	48.425	48.700	47.800
Aug	46.150	46.650	46.900	46.000
Feb	50.000	50.900	50.500	49.600
Mar	49.100	49.800	0	49.100

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Franc under strain

The European exchange rate mechanism suffered new tensions again yesterday after the Portuguese escudo fell to a record low against the D-Mark, triggering a slide in the French franc, *writes Gillian Tett.*

In early trading the escudo weakened to Es94.00 per D-Mark, down from its opening position of Es92.50 per D-Mark. The fall was triggered by the previous night's resignation of Mr Antonio Borges, the vice president of the Portuguese bank, and rumours that Mr Miguel Beleza, the governor might follow suit.

However, heavy intervention by the bank, which purchased the escudo at Es93.50 per mark, and raised a key interest rate by 0.5 per cent, later arrested its fall. The currency finally closed around Es92.47.

Many dealers continued to predict further falls, with some suggesting that if the Bundesbank did not lower German interest rates at its council meeting next Thursday, the Portuguese government could be forced to devalue by as much as 10 per cent.

The strains on the escudo spilled over to other ERM currencies.

"It is yet another crack in the ERM, and the indirect effect of this has been to weaken the French franc," explained Mr Michael Feeny, market analyst at Sumitomo Bank.

The French franc weakened from an an opening position of DM3.397. Although the Bank of France was understood to have intervened heavily to prevent it falling through the DM3.4 benchmark, it closed in European trading at DM3.402.

The Spanish peseta also fell slightly on the escudo's weakness, closing against the D-Mark at Pta 71.34, down from Pta 71.24.

With uncertainty ahead of the French elections likely to raise the pressure on the franc, some dealers predicted that tensions over the ERM could grow next week.

"Next week is a pivotal week," commented Mr Avinash Persaud, currency economist with UBS Phillips & Drew.

The dollar and D-Mark traded in a narrow band, with the dollar closing in Europe slightly up on the previous day.

Although the political crisis in Russia continued to undermine the D-Mark, this was being partly offset by the tensions within the ERM itself, dealers said.

Meanwhile the Swiss franc continued to make steady gains against the D-Mark, closing up at DM1.094.

"The Swiss franc has been the main beneficiary of the safe haven status in the Russian crisis," said Mr Feeny. He pointed out that it had also benefitted from the recent Italian turmoil, which has weakened the lira.

£ IN NEW YORK

Mar.12	Latest	Previous Close
£ Spot	1.4345-1.4355	1.4305 1.4315
1 month	0.35-0.34pm	0.36 0.33pm
3 months	0.95-0.92pm	0.97 0.94pm
12 months	2.65-2.60pm	2.58 2.50pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 12	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	142.150	138.343	-2.68	3.38	46
Irish Punt	0.809996	0.798020	-1.48	2.12	56
Dutch Guilder	2.20045	2.17947	-0.95	1.58	36
Belgian Franc	40.2802	39.9213	-0.89	1.52	32
Portuguese Escudo	180.624	179.269	-0.75	1.37	12
D-Mark	1.95294	1.93916	-0.71	1.33	31
Danish Krone	7.44934	7.44868	-0.01	0.62	-10
French Franc	6.54988	6.59000	0.61	0.00	-47

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Mar 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4270 - 1.4350	1.4335 - 1.4345	0.35-0.33cpm	2.85	0.97-0.94pm	2.66
Canada	1.7750 - 1.7860	1.7835 - 1.7845	0.16-0.05cpm	0.71	0.27-0.09pm	0.40
Netherlands	2.6700 - 2.6900	2.6775 - 2.6875	½-⅝cdis	-2.24	1-1⅛dis	-1.77
Belgium	48.90 - 49.15	49.05 - 49.15	6-12cdis	-2.20	24-29dis	-2.16
Denmark	9.1150 - 9.2000	9.1875 - 9.1975	7½-9¼oredis	-10.93	17½-20dis	-8.16

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.4340	1.4306	1.4245	1.4176	1.4085
D-mark	2.3875	2.3924	2.3997	2.4089	2.4192
French Fr.	8.1200	8.1623	8.2355	8.3050	8.3915
Swiss Fr.	2.1825	2.1811	2.1778	2.1724	2.1618
Yen	168.75	168.35	167.61	166.68	164.96

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

MONEY MARKETS

French futures drift

ATTENTION in the money markets shifted to France yesterday, as the weaking franc caused the short end of the French futures markets to drift downwards.

The June contract Pibor futures moved by over 30 basis points during the day, although it later rallied to a closing level of 91.23.

Dealers said that the movement reflected the increasing tensions in the European exchange rate mechanism, highlighted by the fall in the escudo against the D-Mark and other currencies. The Portuguese central bank intervened early in the day in support of the currency, raising the rate at which liquidity is absorbed by 0.5 percentage points to 13.5 per cent.

Dealers pointed out that speculation that Portugal might be forced to devalue in the coming weeks, was continuing to weaken the French franc and force up money market interest rates in some countries.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

However, he added that the run-up to the French elections later this month was a second factor for the slide.

"The Pibor will remain very volatile into the election and probably after it," he said, predicting that "there could be some nasty days next week" in the French money markets, with short term interest rates likely to be heavily squeezed in the days before the first phase of the election next weekend.

At the longer end of the French market futures were considerably firmer, closing slightly up at the end of the day. Dealers suggested that this was due to speculation that the French franc could gain from any fall in the value of the D-Mark sparked by a new crisis in Russia.

"It's Russia that is affecting the longer end of the market, but the ERM for the shorter periods," said another dealer.

Elsewhere in Europe, trading in German and British money markets was generally quiet, although the longer end of the German futures market firmed.

With the focus in Britain now firmly fixed on Tuesday's budget, UK interbank rates remained virtually unchanged. Although the Bank of England forecast a shortage of £1.15bn, this was successfully taken out late in the day.

Meanwhile the downwards trend in European interest rates received another small boost when the Irish Central Bank cut the rate at which it lends to commercial banks by 0.5 of a percentage point to 11.5 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.12) 3 months US dollars		6 months US Dollars	
bid 3¼	offer 3⅜	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6	One month	2.92	Three year	4.47
Broker loan rate	5	Two month	3.11	Five year	5.25
Fed.funds	2⅞	Three month	3.01	Seven year	5.69
Fed.funds at intervention	-	Six month	3.16	10-year	6.03
		One year	3.36	30-year	6.81
		Two year	4.02		

Mar.12	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.30-8.45	8.25-8.35	7.90-8.00	7.75-7.85	7.30-7.45	9.00
Paris	10⅞-11	10⅞-11⅛	-	10⅞-11⅛	-	9.10
Zurich	4⅞-5	5-5¼	-	4⅞-5⅛	-	-
Amsterdam	8.17-8.31	7.85-8.00	-	7.55-7.65	-	-
Tokyo	3¼-3⅜	3¼-3⅜	-	3¼-3⅜	-	-
Milan	11⅛-11⅜	11⅛-11⅜	-	11⅛-11⅜	-	-
Brussels	8¼-8½	8¼-8½	-	8-8¼	-	-
Dublin	10¼-10½	11-11¼	11-11¼	11-11¼	10¼-10½	-

LONDON MONEY RATES

Mar 12	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7¼	6½	6⅛	6	5⅞	5⅞
Interbank Bid	5	6	6	5⅞	5⅝	5⅝
Sterling CDs	-	-	6⅛	5⅞	5⅞	5½
Local Authority Deps.	5	5⅞	6	5⅞	5¾	5⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6	6	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5⅞	5⅞	5⅝	5½
Treasury Bills (Buy)	-	-	5⅞	5⅞	5½	-
Bank Bills (Buy)	-	-	5⅞	5⅞	5½	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.04	3.08	3.20	3.46
SDR Linked Dep. Offer	-	-	5¼	5	4¾	4⅞
SDR Linked Dep. Bid	-	-	5	4¾	4½	4½
ECU Linked Dep. Offer	-	-	9⅜	9	8⅞	8¼
ECU Linked Dep. Bid	-	-	9⅛	8⅝	8½	8

Treasury Bills (sell); one-month 5⅞ per cent; three months 5½ per cent; six months 5⅞ per cent; Bank Bills (sell): one-month 5⅞ per cent; three months 5⅝ per cent; Treasury Bills; Average tender rate of discount 5.3657. ECGD Fixed Rate Sterling Export Finance. Make up day February 26, 1993. Agreed rates for period March 24, 1993 to April 25, 1993, Scheme I: 7.35 p.c., Schemes II & III: 7.47 p.c. Reference rate for period January 30, 1993 to February 26, 1993, Scheme IV&V: 6.228 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7 from March 1, 1993: Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ per cent; one-three months 5¼ per cent; three-six months 5 per cent; six-nine months 4¾ per cent; nine-twelve months 4½ per cent; Under £100,000 2¾ per cent from Jan.27, 1993, Deposits withdrawn for cash 1¼ per cent.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls April	Calls June	Calls September	Puts April	Puts June	Puts September
115	-	2.33	-	-	0.50	0.80
116	-	1.64	2.26	0.20	0.77	-
117	0.40	1.06	1.70	0.52	1.17	1.49
118	0.10	0.63	1.16	1.20	1.68	-
119	0.03	0.33	0.84	-	-	-
Open Int	28,843	171,383	27,531	12,366	96,744	21,890

Estimated volume 47,441 † Total Open Interest 362,514
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4340	1.4306	1.4245	1.4176	1.4085

* Contracts traded on APT. Closing prices shown.

BANK RETURN

BANKING DEPARTMENT	Wednesday March 10, 1993		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	2,914,553,888	-	65,526,000
Bankers Deposits	1,440,957,912	-	124,854,848
Reserve and other Accounts	3,891,250,723	-	18,825,487
	8,261,315,523	-	209,206,335
ASSETS			
Government Securities	1,187,922,132	-	152,975,000
Advance and other Accounts	5,164,318,745	-	74,851,744
Premises Equipment & other Secs	1,901,164,202	+	14,409,094
Notes	7,655,026	+	4,219,651
Coin	255,416	-	8,336
	8,261,315,523	-	209,206,335
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,282,344,974	+	55,780,349
Notes in Banking Department	7,655,026	+	4,219,651
	16,290,000,000	+	60,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	5,921,141,613	-	513,752,317
Other Securities	10,357,843,287	+	573,752,317
	16,290,000,000	+	60,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs.	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' Int Cr Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2776

Treasury 13¾% Stk 2000/03 - £135¼

Corporation and County Stocks
No. of bargains included 1

Birmingham District Council 11½% Red Stk 2012 - £122½ (9Mr93)
Leeds(City of) 13½% Red Stk 2006 -

Prf)Reg - £111¾ ¾
11½% UndSubNts £1000(Cnv to Prf)Br - £111¾ ¾ ¾
Nationwide Building Society 11¾% Nts 1997 (Br £5000 & 100000) - £113.4 ½ (10Mr93)
13.5% Subord Nts 2000 (Br £10000) - £123¼ (10Mr93)
Zero Cpn Nts 1998 (Br £ Var) - £85¼♦
New South Wales Treasury Corp
ZeroCpGdBd2020(BrSA10000,100000& 1000000) - $A9.6♦

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Suspended Securities

Rule 535(2)

Investment Trusts

Miscellaneous Warrants

USM Appendix

Units Bond Fd - £7.258
Japanese Fund - $0.8199 (8Mr93)
KB Gilt Fund - £15.12
Int Equity Gwth Inc - £2.468♦ 2.842851♦
Lawrence PLC Ord 10p - £1 (8Mr93)
Lawrie Group PLC Ord £1 - £16♦
Le Riche's Stores Ld Ord £1 - £2.65♦
Lovat Investments Ld Ord 20p - £0.01 (8Mr93)
Merrett Hldgs PLC Ord 10p - £0.245
Motlik International Group PLC Ord 1p - £0.39 (9Mr93)
N.W.F. Ld Ord £1 - £2.6 (9Mr93)
National Parking Corp Ld Ord 10p - £2½
North West Exploration PLC Ord 20p - 0½ (8Mr93)

Weetabix Ld "A" Non.V Ord 25p - £12.4 12½ 12.55 12.6
Yates Bros Wine Lodges PLC Ord 25p - £1.35

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Algoma Central Railway 487½ (9.3)
Alltel Corp $48½♦ (9.3)
Aust. Foundation Inv 91 (10.3)
Bank of East Asia 305 (10.3)
Brown-Forman Inc Class 'A' $78.57 (10.3)
Cape Range Oil A$0.55608♦A$0.55552 (10.3)
Idaho Power Co $29⅝♦
Killinghall Tin (Malaysia) Berhad Ord M$1.4606 (8.3)
Kulim Malaysia Ord 29
McCarthy Group 60.0 (8.3)
North Flinders Mines M$1.2525 (8.3)
Oil Search 30.0 (8.3)
Orbit Oil & Gas 52 (9.3)
Playmates Hldgs. HK$3.19 (5.3)
Rutgerswerke AG DM365
Sapphire Mines A$0.144 (10.3)
Selangor Coconuts M$1.98 (5.3)
Singapore Land S$4.024 (10.3)
Valiant Consolidated 3 (10.3)
Westfield Minerals 60 (10.3)

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LONDON STOCK EXCHANGE

FT-SE 2,900 resists the profit-takers

By Terry Byland,
UK Stock Market Editor

WHAT should have been no more than the widely-predicted pre-Budget shakeout in the UK equity market was intensified yesterday by nervousness over political developments in Russia and in Hong Kong. A market already generally depressed took a turn for the worse in mid-afternoon when the Dow Average opened 50 points down, and the FT-SE Index dipped to within five points of the 2,900 mark.

However, there was little sign of significant selling pressure and London staged a comfortable rally in late dealings as the equity market moved into the new trading account. The final loss of 37.5 left the FT-SE Index at 2,915.9, but dealers showed little concern at the day's setback.

"Not a bad performance, for the last day of the account ahead of the Budget," commented a senior dealer at a US securities house. Monday morning will bring a heavy batch of ex dividend adjustments to share prices, and dealers are already under orders to keep trading positions in restraint until Mr Norman Lamont, the UK chancellor of the exchequer, has ended his Budget speech on Tuesday afternoon.

Nevertheless, yesterday saw a heavy setback as profits were taken. Banks, insurances, electricals suffered significant selling pressure and Hong Kong-orientated shares fell on the adverse political developments there.

This week has featured a heavy list of trading statements from leading UK companies as well as unexpected developments among blue chip pharmaceuticals and a decline in global oil prices. Yesterday's setback eliminated gains achieved over the week, leaving the FT-SE Index 6.2 down on the week. But over the two-week equity account, the Footsie has gained about 1.7 per cent as increasing confidence in a recovery in the UK economy has taken the stock market to successive new peaks.

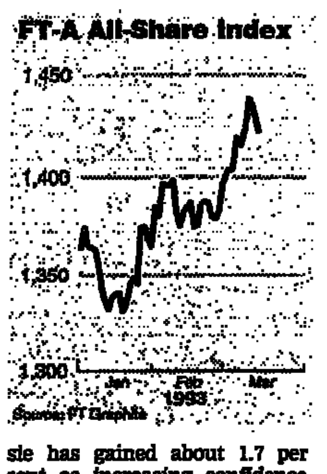
Seaq volume slipped to 769.3m shares yesterday from the 821.9m recorded in the previous session. Around 66 per cent of yesterday's Seaq business was in non-Footsie stocks, slightly higher than recent daily averages as profits were taken across the market range. Retail business has remained high this week, returning values of £1.65bn on Thursday and £1.61bn on Wednesday.

UK government bonds opened higher and made further progress in the second half of the session in spite of a dull tone in US bonds. But London dealers said that gilts had been influenced chiefly by internal market pressures and that prices had risen yesterday in response to the disappearance of a recent big seller.

Account Dealing Dates		
*First Dealings:		
Mar 1	Mar 15	Mar 29
Option Declarations:		
Mar 11	Mar 25	Apr 15
Last Dealings:		
Mar 12	Mar 26	Apr 16
Account Day:		
Mar 22	Apr 5	Apr 26

*New time dealings may take place from 8.30am two business days earlier.

FT-A All-Share Index



Source: FT Graphite

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group	27,000	70¾	+½
Abbey National	4,000	379	−6½
Albert Fisher	533	71	
Allied-Lyons	2,100	563	−8
Amstrad	9,500	35½	
Anglian Water	1,000	528	−6
Argos	284	286	−4
Argyll Group	1,800	383½	−½
Arjo Wiggins	7,400	171	−4
Ass. Brit. Foods	702	498	−2
Ass. Brit. Ports	624	402	−1
BAA	467	795	−5
BAT Inds.	2,100	948	−13
BET	4,700	99½	+4½
BICC	814	394	−8
BOC	674	751	−11
BP	7,100	280½	−5½
BPB Inds.	300	208	+2
BT	5,400	425½	−10
BTR	8,600	610½	−1½
Bank of Scotland	2,400	184	+1
Barclays	5,900	414	+2
Bass	1,600	578	+1
Berisford Int.	54	129	
Blue Circle	4,000	214	−1
Booker	699	438	−6
Boots	1,600	510	−4
Bowater	647	503	−9
Brit. Aerospace	1,600	276	−5
British Airways	3,000	295	−2
British Gas	6,000	393½	−6½
British Land	1,700	250	−2
British Steel	17,000	69½	−½
Bunzl	791	129	+1
Burmah Castrol	313	710	−9
Burton	5,900	78	−1
Cable & Wire.	3,800	713	−10
Cadbury Schweppes	1,800	487	−5
Calor Group	40	248	
Carlton Comms.	850	774	−12
Coats Viyella	927	229	−1
Comm. Union	719	608	−6
Cookson	1,700	191	−3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

FDA hits drug blue chip

FUND managers specialising in the health and household sector, already reeling this week from two doses of bad news affecting Glaxo, the drug market's former glamour stock, were given another thorough shaking as SmithKline Beecham (SB) shares fell sharply on bad news from the US.

The US Food and Drug Administration's (FDA) advisory committee rejected approval of SB's Kytril, formulated as an anti-nausea drug, citing concerns about side-effects.

Pharmaceuticals specialists described the rejection of approval for Kytrin as a "big disappointment", and said that the move was a "significant knock to confidence in the stock". He said Kytrin is one of a handful of "key new drugs" for SB. He also pointed out that the FDA move was seen by the market as a delay rather than total rejection. Another bear point for SB shares was an article in the British Medical Journal which highlighted a review of anti-depressant drugs, favouring existing preparations over newer drugs, including SB's Paxil.

SB shares, heavily supported over the week as big international funds switched out of Glaxo and into SB, tumbled to 466p before steadying and closing a net 21¼ off at 469¼p. Turnover in the ordinaries totalled a hefty 6.2m shares.

The overall market decline and yet more selling pressure from the US put paid to any hopes of a revival in Glaxo shares, which dipped to 656p before stabilising and settling a net 3 off at 665p.

Trafalgar busy

Turnover in Trafalgar House rose to a total of 9.9m as the shares followed the market lower, the ordinaries easing a penny to 78½p, and the "A" shares also down a penny at 75p. Swiss Bank Corporation was said to have been a heavy buyer of both classes of Trafalgar stock late in the session.

The Seaq delayed ticker revealed a block of 4.4m ordinaries had changed hands at 76p and a block of 1.8m "A" shares had traded at 75p just before the close of business. The broker has been acting for HongKong Land to raise its stake in Trafalgar to around 29 per cent.

Sears easier

Long-standing rumours that the Fayed brothers might be seeking to place their 10.5 per cent stake in Sears, the high street retailing group, resurfaced yesterday. Dealers reported that one leading securities house had been approaching institutions in what seemed to be a pre-placing exercise. Some market traders believed the Fayed Brothers, owners of the House of Fraser group, want to use the proceeds of a Sears placing to fund a hotel building programme. The share price weakened 2 to 97p in turnover of 2.4m.

However, analysts were somewhat dismissive of the reports, largely on the grounds that the Fayeds, who paid around 140p apiece for their shares six years ago, would be unlikely to accept such a large loss. A spokesman for House of Fraser also dismissed the rumour, asserting that the Fayed brothers remained long-term investors in Sears. No one was available for comment at Sears.

A substantial and unreservedly bullish research document from BZW, joint broker to Zeneca, the intended pharmaceutical arm of the demerged ICI, helped drive shares in the blue chip chemical group sharply higher in an otherwise depressed stock market. The shares also benefited from impact of several institutional presentations by ICI itself.

Income funds were also said to have been supporters of the shares which go ex the 34p dividend on Monday.

The BZW health and household team described the Zeneca demerger from ICI as a "bold initiative, already benefiting shareholders and company alike, the former from a steadily rising share price as demerger benefits unfold, the latter from a sharper management focus". ICI closed 9 higher at 1272p.

The market was caught on the wrong foot by Pilkington's purchase of Heywood Williams' glass merchanting business. Dealers had braced themselves for a series of profits dowugrades earlier in the week after Pilkington called in a number of selected analysts for a briefing.

The deal was accompanied by Heywood's preliminary figures, showing a steep decline in profits but a maintained dividend. The market's reaction was to mark Heywood shares sharply higher on the view that the board had achieved a good price for the assets. They closed a net 53 higher at 239p after turnover of 4.7m shares. Pilkington closed 7 higher at 108p on turnover 6.5m.

Shares in Thorn EMI weakened for a second session as rumours of problems with one of its US subsidiaries combined with some technical selling pressure. There were suggestions from New York that an official inquiry might be launched into Rentacentre, Thorn's US subsidiary. The company rents and sells white goods, but, according to analysts, has come in for criticism over disclosures to potential customers of rates and terms. The shares closed 8 adrift at 858p.

The steep fall on the Hong Kong market upset HSBC, which was also affected by a bout of nervousness ahead of Monday's preliminary figures. It dropped 37 to 604p. Cable & Wireless dipped 10 to 713p. Inchcape fell 26 to 583p. Around 32 per cent of the company's 1991 earnings came from the Far East. Standard Chartered on the other hand, rallied strongly from an initially depressed 694p to close a net 11 higher at 714p.

Bass rebounded from its recent underperformance as Kleinwort Benson turned from seller to hold.

Activity in the traded options market focused interest on Forte as one institution decided that the hotel group's results next month could prompt a volatile time for the shares. Forte was the top traded option, with the equivalent of over 3m shares traded. In the equity market, the shares shaded 3 to 208p in turnover of 3.3m.

In a largely resilient stores sector, Storehouse responded to positive pressure from NatWest Securities, the shares up 2 to 192p.

Hopes of debt restructuring plans boosted ADT and the shares put on 25 to 463p.

Among engineering and aerospace stocks, TI Group, which raised the dividend this week as it reported figures, was in demand and the shares added 5 to 321p in trade of 4.4m.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Steve Thompson.

■ Other market statistics, Page 11.

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (118).
BRITISH FUNDS (2) Ex. 9¼pc '98, Treas. 8¼pc '95-98, AMERICANS (10) BankAmerica, Bankers NY, Chase Manhattan, Citicorp, Colgate-Palmolive, Dun & Bradstreet, Gillette, Merrill Lynch, Rep NY, Tenneco, CANADIANS (2) Imperial Oil, Nova Corp. Of Alberta, BANKS (3) Asahi, Bk. Ireland, Fuji, BREWERS (1) Boddingtons, BUSINESS SERVS (3) ADT, Penna, Serco, CHEMS (1) BTR Nylex, CONGLOMERATES (1) CSR, CONTG & CONSTRCN (1) Boot (H), ELECTRICALS (3) Johnson, Motorola, TDK, ELECTRICITY (3) London, Seeboard, Yorks., ELECTRONICS (11) Bowthorpe, Diploma, Electrocomps., Farnell, Gresham, Hewlett-Packard, ISA, Kode, Learmonth & B., Linx Prtng., Sage, ENG GEN (4) Clayhithe, Concentric, Fairey, Powerscreen, FOOD MANUF (3) Hazlewood, Sentry Farming, Unilever, HEALTH & HSEHOLD (1) Bespak, HOTELS & LEIS (4) Airtours, Compass, Owners Abroad, Do 9¼pc PL, INSCE COMPOSITE (3) Amer. Gen., Aon, Domestic & Gen., INSCE LIFE (3) Lincoln Natl., Refuge, Transatlantic, INV TRUSTS (18) American Tst., Do B, Euro. Smllr. Wts., Fleming Enterprise, Nth. Amer. Gas Wts., Foreign & Col. PEP, Lloyds Smllr. Co's Cap., Martin Currie Pac. Wts., New Frontiers 6½pc '10, Overseas Inv. Wts., Robeco N/V, Do Sub Shares, Rolinco N/V, Do Sub. Shares, Second Alliance, Selective Assets, MEDIA (4) Abbott Mead, Johnston Press, WPP Wts., Walmoughs, MERCHANT BANKS (1) Schroders N/V, MTL & MTL FORMING (1) Clayhithe 9½pc Cv. '00-01, MISC (3) Christies Intl., Glenchewton, Silentnight, MOTORS (2) Hanlys, Pendragon, OIL & GAS (5) NZ Oil, Occidental, Santos, Seafield Res., Total, OTHER FINCL (2) Cater Allen, Invesco MIM 9pc '95-00, OTHER INDLS (1) Suter, PACKG, PAPER & PRNTG (4) Capital Inds., Low & Bonar, Macfarlane, Portals, PROP (9) Cap. & Regional, Debenham Tewson, Frogmore Ests., Gt. Portland 9½pc '02, Lon. Merchant, Molyneux, Property Sec., Town Centre, Union Square, STORES (2) GUS, OS. TEXTS (4) Baird, Claremont Grmts., Leeds, Martin Intl., TRANSPORT (3) Manchester Ship, Powell Duffryn, Sea Containers, WATER (2) Welsh, Wessex.
NEW LOWS (5).
BUSINESS SERVS (1) Reed Executive, ENG GEN (1) Torday & Carlisle, HOTELS & LEIS (1) Eurocamp, MEDIA (1) Chiltern Radio, STORES (1) Dunhill.

EQUITY FUTURES AND OPTIONS TRADING

THE FALLS on the Hong Kong market, along with worries over events in Russia, appeared to provide an opportunity for continued profit-taking in the derivatives sector, writes Joel Kibazo.

On the last day of the equity account, trading in the March futures contract on the FT-SE 100 opened at 2,940, some 10 points below its close on Thursday. But for a small mid-morning rally which saw the contract touch the day's high of 2,945, continuous selling drove the contract lower for the rest of the day.

The poor opening on Wall Street only served to increase the falls in March but traders said 2,900 had proved a successful resistance level.

March finished at 2,917, down 33 on its previous close and around 2 ahead of its fair value premium to cash of minus 2. Turnover was a healthy 11,062 lots.

The traded options saw total volume of 34,175 contracts, of which 15,791 lots were dealt in the FT-SE 100 option. Forte was the busiest stock option with a total of 3,116 contracts, followed by GEC at 2,543 lots.

FINANCIAL TIMES EQUITY INDICES

	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Year ago	High	Low
Ordinary share	2268.0	2294.5	2299.5	2294.0	2293.4	1935.8	2299.5	1670.0
Ord. div. yield	4.30	4.26	4.24	4.25	4.26	4.84	5.34	4.23
Earning yld % full	6.05	5.99	5.98	5.94	5.95	6.58	-	-
P/E ratio net	20.59	20.80	20.90	21.04	20.99	19.24	22.01	15.79
P/E ratio nil	19.09	19.23	19.32	19.39	19.34	18.25	-	-
Gold Mines	97.9	95.8	94.4	95.0	94.0	123.9	160.6	50.0

*for 1992/93. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2282.6	2284.4	2276.7	2274.8	2271.1	2271.5	2283.4	2280.0	2265.2	2286.7	2258.0

Volume	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Year ago
SEAQ Bargains	46,356	43,730	40,321	44,492	42,764	27,573
Equity Turnover(£m)†	-	1653.8	1608.2	1525.4	1231.6	1028.6
Equity Bargains†	-	48,184	46,533	50,390	45,952	30,795
Shares traded (m)†	-	686.6	627.7	734.2	538.8	474.1

† Excluding intra-market business and overseas turnover.

London report and latest Share index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday March 12 1993

Gold Mines Index	+	52.74	Motors	+	6.65
Merchant Banks	+	20.87	Insurance Brokers	+	6.55
Engineering-Aerospace	+	19.67	Oil & Gas	+	6.47
Metals & Metal Forming	+	19.42	Building Materials	+	6.26
Property	+	17.25	Other Industrials	+	5.84
FT-SE SmallCap ex Inv Tsts	+	15.06	Conglomerates	+	5.61
FT-SE SmallCap	+	14.53	Transport	+	5.58
Insurance (Life)	+	13.66	Electricals	+	5.47
Banks	+	11.89	Other Groups	+	5.44
Financial Group	+	11.69	FT-A All Share	+	4.22
Electricity	+	9.87	FT-SE A 350	+	3.64
Engineering-General	+	9.83	Telephone Networks	+	3.57
Chemicals	+	9.49	Insurance (Composite)	+	3.55
Food Manufacturing	+	9.22	500 Share Index	+	2.86
Contracting, Construction	+	9.15	Hotels and Leisure	+	2.79
Water	+	8.89	Media	+	2.62
Investment Trusts	+	8.89	Industrial Group	+	2.48
FT-SE Mid 250	+	8.26	FT-SE 100	+	2.44
Capital Goods	+	8.11	Food Retailing	+	0.84
Electronics	+	8.02	Stores	-	0.46
Packaging and Paper	+	7.87	Consumer Group	-	1.58
Business Services	+	7.85	Brewers and Distillers	-	5.25
Textiles	+	6.81	Health & Household	-	9.73

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	115.7881	-0.077	7.65	7.85	8.62
BELGIUM		9.000	03/03	111.7750	-0.760	7.30	7.34	7.92
CANADA *		7.250	06/03	98.3000	-0.300	7.49	7.40	7.86
DENMARK		8.000	05/03	98.4700	-0.800	8.22	8.16	8.73
FRANCE	BTAN	8.000	05/98	103.5200	-0.305	7.15	7.17	7.87
	OAT	8.500	04/03	107.8900	-0.310	7.36	7.28	7.78
GERMANY		7.125	12/02	103.9200	-0.430	6.56	6.50	7.01
ITALY		12.000	05/02	98.6800	-0.060	13.01†	12.88	13.00
JAPAN	No 119	4.800	06/99	105.4381	+0.634	3.73	3.76	4.02
	No 145	5.500	03/02	110.2343	-0.154	3.96	3.93	4.24
NETHERLANDS		7.000	02/03	103.7000	-0.240	6.47	6.48	6.99
SPAIN		10.300	06/02	94 0750	-0.300	11.34	11.45	11.39
UK GILTS		7.250	03/98	103-08	+8/32	6.48	6.53	6.76
		8.000	06/03	53-02	+6/32	7.56	7.55	8.00
		9.000	10/08	107-24	+11/32	8.10	8.22	8.60
US TREASURY *		6.250	02/03	101-19	-21/32	6.03	5.95	6.33
		7.125	02/23	103-29	-2/32	6.82	6.80	7.19
ECU (French Govt)		8.000	04/03	103.4400	-0.260	7.50	7.53	8.12

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	50	13	14	146	148	91
Other Fixed Interest	3	3	9	30	25	20
Commercial, Industrial	173	475	766	1,537	1,447	4,090
Financial & Property	61	311	424	886	664	2,418
Oil & Gas	14	30	39	94	79	244
Plantations	0	1	7	2	7	31
Mines	24	17	96	157	104	426
Others	40	47	36	276	150	195
Totals	365	897	1,391	3,128	2,624	7,515

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2915.9 −37.5	3099.5 −22.3	1421.34 −15.91

Hourly movements

FT-SE Actuaries 350 Industry Baskets

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	170 0	171 9	180.9	-0.70	0 00
AIB Grofund Equity	5	208.0	210 7	223.0	-1.60	3 49
AIB Grofund Euro	5	165 5	166 2	176.8	-0.20	0.35
AIB Grofund Ext Balanced	3	104 0	106 2	109.5	+2.90	2.28
AIB Grofund Gilt	3	78 27	78 43	80.85	-0.19	5.13
AIB Grofund Japan	5	141 2	142.8	150.4	+1.90	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corporation St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	420 6	422.4xd	449 4	-3.6	2.58
General Acc	5	461.9	463 7xd	493.3	-4.1	2.58
UK Growth Acc	6	309 0	313 1	331.1	-3.2	2 89
UK Growth Inc	6	221 5	224 4	238.8	-2.3	2 89
Higher Inc Acc	6	553 2	560 8	596.7	-6.2	4 02
Higher Inc Inc	6	341 3	346 0	368.1	-3.8	4 02
Gilts/F'xd Int Acc	5½	174.2	176.2xd	185.9	-0.6	6.64
Gilts/F'xd Int Inc	5½	92.32	92.12xd	97 51	-0.22	6 64
N'th America	6	269 4	275 1	292.7	....	0 00
Far East	6	264 6	264 6	281.5	-2.3	0.35
Europe	6	220 3	220 3xd	234 4	-0 4	1.25
Brit. Excell	6	64 08	64 08	68.17	-0 62	2.86
Brit Fndmtls Acc	6	83 84	83 84xd	89 20	-0 62	5.28
Brit Fndmtls Inc	6	65.05	65 05xd	69 21	-0 47	5 28
Global Opps	6	71.14	71 14	75 68	-0 13	0.00

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	129.3	129 3xd	137 1	-0.4	6 95
High Inc Equity	6	148 8	151.8	161.4	-0.6	5.27
Worldwide Bond	6	269 6	269 6xd	285.9	+0 7	4.37
American Growth	6	304 1	304.1	323.2	-0.5	.62
Asian Pacific	6	213.5	218.3	232.2	-1.2	.84
Assets & Earnings	6	227 6	232.0	246.8	-0.9	2.57

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Sharp (Albert E.) & Co (1000)F
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AES European	5	110.10	110.80	116.40	+0.40	1.38
AES Intl Bond & Cur	5	127.90	128.30	135.00	+0.20	5.46
AES Pooled Pension ‡	7	156.6	160.6	171.9	.....	-
AES Smaller Cos	5	61.48	63.37	66.70	-0.42	1.90
AES UK General	5	118.60	120.50	126.80	-0.80	2.72

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071-407 5966

Income	5	390.54	390.54xd	415.47	-4.14	4.99
Global Inc	5	58.21	58.21xd	61.92	-0.46	3.93
Brit Leaders	5	320.93	320.93xd	341.41	-2.26	3.01
Intl Leaders	5	194.32	194.32xd	206.72	-0.51	1.59
F As Yen Bd Gvth Inc ‡	3½	53.96	55.3xd	57.45	+0.03	2.96

Singer & Friedlander UT Mgmt Ltd (1000)F
PO Box 224, Beckenham, BR3 4TF 081-663 3003

European Trust	6	53.72	53.90	57.34	+0.08	1.92
Far Eastern Tst	6	56.62	57.50	61.17	-0.46	1.31
Smaller Cos	5	142.5	142.5	151.5	-0.2	0.87

Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A 3AS 071-637 5377

S & W American ‡	5	285.3	286.0	302.6	+2.30	0.80
S & W Capital	5	118.8	118.8xd	127.2	.....	1.85
S & W Cash ‡	0	102.69	102.69	102.69	+0.01	5.76
S & W European	5	117.8	117.9	124.7	-0.50	1.52
S & W Far Eastern	5	125.2	126.4xd	133.7	-0.50	0.00
S & W Growth	5	126.2	127.5	134.9	+0.60	1.61
S & W Income	5	112.8	114.1xd	120.6	+0.10	4.75
S & W Magnum	5	125.6	125.6	134.5	-0.20	1.70
S & W Smllr Secs	5	306.2	312.3	330.4	+0.40	0.61
S & W Thoroughbrd	5	145.7	145.7	156.0	+0.30	1.67

Societe Generale Touche Remnant (1200)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-410 4029

American Gwth	5¼	86.05	86.05xd	92.03	-0.26	0
Eur So Sits Acc	5¼	46.35	46.35	49.44	+0.21	0
Eur So Sits Inc	5¼	43.77	43.77	46.69	+0.19	0
Far East Opps Inc	5¼	30.10	30.10	32.45	-0.30	0

Whittingdale Unit Tst Mgmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT 071-600 0462

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Challenger	2¼	95.32	95.32	97.54	+0.09	0.00
Short Dtd Gilt	1¼	110.5	110.5	112.0	.....	0.30
U S. Govmnt Bond	1¼	0.7112	0.7112	0.7205		0.00
Gilt Income	4	53.25	53.25	55.41	-0.15	8.00
Gilt Growth	4	66.46	66.46	69.10	-0.16	0.00
City Reserve	0	52.32	52.32	52.32	+0.02	5.83

Woolwich Unit Trust Managers Ltd (1700)H
2 White Oak Square, Swanley BR8 7AG 081 298 4000

Stockmarket Fd F	5	66.19	66.39	70.62	-0.75	2.15

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Int'l Expt Mar 3	658.2	680.1	.....	1.02

Baring Investment Mngmt Ltd
155 Bishopsgate, London EC2M 3XY
071 214 1050 (general enquiries) 071 214 1004 (dealing)
Charitable Funds

UK Growth & Income	54.16	56.18	.....	5.0
Income Plus	51.29	52.36	.....	7.4

James Capel Fund Managers Ltd

European Exempt	£112.104	113.568	-0.889	2.95
Japanese Exempt	£120.3	122.217	+0.043	-
Managed Exempt	£150.634	159.055	-1.395	3.02
North American Exempt	£107.811	109.794	-0.086	1.09
Pacific Exempt	£116.041	118.587	-0.907	2.85

Cent. Bd. of Fin. of Church of England‡‡
2 Fore Street, London EC2Y 5AQ 071-588 1815

Inv Fund Feb 28	604.15	609.40	.....	4.74

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Prolific Life & Pensions Ltd
Sunderland, Kendal, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Adventurous Mngd	170.9	181.9	–0.1	–
Balanced Grth Mngd.	693.0	737.3	–0.7	–
Cautious Mngd	131.6	140.1	–0.2	–
Cash Fd	318.8	336.0	+0.3	–
Property Fund	217.1	231.0	....	–
Gilt Fund 20	454.1	483.1	+0.2	–
Equity Fund	802.0	853.2	+1.7	–
Fxd. Int. Fund	425.7	448.6	–0.5	–
International	357.6	380.5	+1.4	–
High Income	621.4	661.1	–2.4	–
Technology	476.2	506.7	+2.1	–
North American	494.1	525.7	+1.6	–
Far East	473.1	503.4	+2.5	–
Special Sits	563.5	599.5	–1.6	–
Extra Inc Fd	333.0	354.3	–2.0	–
American Income	197.2	209.8	–0.1	–
Convertible & Gilt Fd	162.8	173.2	–0.7	–
European Fund	128.8	137.1	–0.1	–
Pref & Fixed Int	116.2	123.7	–0.1	–
UK Blue Chip	120.4	126.9	–0.7	–
Recovery Fund	120.9	127.4	–0.6	–
Equity Income Dist	111.9	119.1	–0.5	5.08
Managed Dist	105.9	112.7	–0.2	5.77
High Yield Dist	206.1	211.9	–0.2	7.60
Pension Funds				
Adventurous Mngd Pens Acc	182.4	192.1	–0.1	–
Balncd Grth Mngd Pens Acc	818.5	861.6	–2.8	–
Cautious Mngd Pens Acc	153.0	161.1	–0.3	–
Building Soc. Acc	368.3	387.7	+0.5	–
Property Pens. Acc	296.4	312.0	....	–
Fix. Int. Pens. Acc	677.9	713.6	–1.3	–
Equity Pens. Acc	1054.8	1110.4	–2.4	–
International Pens Acc	337.0	354.8	+1.7	–
High Inc Pens Acc	704.0	741.1	–3.8	–
Tech Pens Acc	338.6	356.5	+2.2	–
N American Pens Acc	383.5	403.7	+1.4	–
Far Eastern Pens Acc	484.5	510.0	+1.9	–
Special Sits Pens Acc	467.2	491.8	–1.9	–
[illegible]				

Reliance Mutual
Reliance House, Tunbridge Wells, Kent

	Bid Price	Offer Price
Deposit Acc Fd	169.5	178.4
Equity Acc Fd	415.8	437.7
Managed Acc Fd	368.6	388.1
Prop Fd (1st Issue)	–	667.2
Prop Acc Fd (2nd Iss)	126.6	133.2
Unit Trust Mn Fd	182.7	192.3
RL Pension Funds		
Deposit Acc	246.9	259.9
Equity Acc	314.1	330.6
Fixed Int Acc	255.8	269.2
Gilt Indx Lnk Acc	192.8	202.9
Managed Acc	416.2	438.1

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone: 0285 640302

	Bid Price
Life Funds	
Income Distribution	98.0
JRA/M&G Managed	122.0
JRA/Scottish Amicable Mngd	117.2
JRA/St James's Place Mngd	124.8
Deposit	100.6
Far East	130.0
Gilts	110.3
Greater European	118.8
North American	142.5
UK Equity	122.1
Pension Funds	
JRA/M&G Managed cap	121.1
JRA/M&G Managed acc	125.8
JRA/Scottish Amicable Mngd cap	117.4
JRA/Scottish Amicable Mngd acc	122.0
JRA/St James's Pl Mngd cap	131.3
JRA/St James's Pl Mngd acc	136.6
Deposit cap	100.4
Deposit acc	104.4
Far East cap	128.5
Far East acc	133.5
Gilts cap	108.0
Gilts acc	112.2
[illegible]	

Property Life Assurance Ltd
[illegible]

Providence Capitol Life Assc. Co Ltd
[illegible]

Provident Life Assoc Ltd
[illegible]

Provident Mutual Life Assc. Assn.
[illegible]

Prudential Assurance Co
[illegible]

Prudential Corporate Pension Funds
[illegible]

Prudential Individual Life Funds
[illegible]

Prudential Individual Pension Funds
[illegible]

Royal Heritage Life Assurance Ltd
[illegible]

Royal Life Insurance Ltd
[illegible]

Royal Liver Assurance
[illegible]

Save & Prosper Group
[illegible]

Scottish Amicable
[illegible]

Scottish Equitable Life Assce. Soc.
[illegible]

Scottish Life Investments
[illegible]

Scottish Mutual Assurance plc
[illegible]

Scottish Provident Institution
[illegible]

Scottish Widows' Group
[illegible]

Skandia Life Assurance Co Ltd
[illegible]

Standard Life Assurance Company
[illegible]

Sun Alliance Group
[illegible]

Sun Life Unit Assurance Ltd
[illegible]

Swiss Life (UK) PLC
[illegible]

TSB Life Ltd
[illegible]

Target Life Assurance Co Ltd
[illegible]

Teachers' Assurance Company Ltd
[illegible]

Templeton Life Assurance Limited
[illegible]

Tunbridge Wells Equitable
[illegible]

Western Assurance Society
[illegible]

Windsor Life Assur Co Ltd
[illegible]

Woolwich Life Assurance Co Ltd
[illegible]

Zurich Life Assurance Co Ltd
[illegible]

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co
[illegible]

Albany International Assurance Ltd
[illegible]

CMI Insurance Co Ltd
[illegible]

Century Life International Ltd
[illegible]

Eagle Star Intl Life
[illegible]

Equitable Life (International)
[illegible]

Eurolife Assurance Group
[illegible]

Finesco International Ltd
[illegible]

Hafnia Prolific International
[illegible]

Hansard International Ltd
[illegible]

Isle of Man Assurance Ltd
[illegible]

Royal Life Intl Ltd
[illegible]

Royal Skandia Life Assurance Ltd
[illegible]

Sun Alliance International Life
[illegible]

Target International Group
[illegible]

MANAGEMENT SERVICES
[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
[illegible]

Lloyd George Management
[illegible]

Newport Investment Management
[illegible]

Orbitex Fund Limited
[illegible]

CANADA (SIB RECOGNISED)
[illegible]

GUERNSEY (SIB RECOGNISED)
[illegible]

IRELAND (SIB RECOGNISED)
[illegible]

GUERNSEY (REGULATED)(**)
[illegible]

JERSEY (SIB RECOGNISED)
[illegible]

IRELAND (REGULATED)(**)
[illegible]

ISLE OF MAN (SIB RECOGNISED)
[illegible]

ISLE OF MAN (REGULATED)(**)
[illegible]

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	Bid Price	Offer Price	+ or -	Yield Gross
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.45	11.94	....	-
B F. Offshore Inc Fd Ltd	£12.78	13.32	....	-
UKC Offshore Fd.	£10.19	11.04	....	-
Nelson Miles W/W $	£11.84	12.17	....	-

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		$-22.7188	22.7287	....	-
Managed Capital Gth	5		$-21.5147	22.5474	....	-
AIB Grofund Currency Fund Limited						
Stg Mngd Currency	5		£-	11.1323	....	-
Sterling Currency Fd	5		£-	10.6964	....	-
Ecu Currency	5		Ecu-	11.1403	....	-
US Dollar Mngd Ccy	5		$-	21.6888	....	-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	$1.092	1.098	1.174	-0.01	0.9
Global Income (Inc)	5¼	$0.570	0.577	0.617	-0.08	2.6
Global Resources	5¼	$0.468	0.468	0.501	+0.01	0.2
Currency Funds						
Stg Premium Income		£10.02		10.03d	....	5.7
Sterling			£-	23.86	+0.01	5.5
US Dollar			$-	32.61		1.8
Deutschemark			DM-	61.73	+0.01	7.3
Yen			Y-	4236		1.7
Managed Multicurrency			£- 16.06	16.64	+0.07	-
Managed Multicurrency			$- 26.12	27.04		-
Bond Funds						
Sterling Bond	3½		£- 0.437xd	0.456	-0.01	9.0
Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 189, St. Helier, Jersey 0534 74689						
Capital House International Growth Funds Ltd						
Equities						
UK Equity	5½	$1.522	1.522	1.615	-0.05	-
North American	5½	$1.755	1.790	1.900	-0.08	-
Japanese	5½	$1.342	1.357	1.440	-0.02	-

	Bid Price	Offer Price	+ or -	Yield Gross
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Mar 4	$36.32	38.62	....	-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3.8467	4.0879	....	-
Offshore Japanese Gwth Fd	$0.9804	1.0429	....	-
Offshore Am Gwth Fd	$6.8748	7.3059	....	-
Offshore Emerging Cos	$4.1586	4.4194	....	-
Offshore European Fd	$1.6041	1.7047	....	-
Offshore Asia Smaller Mkts	$0.9502	1.0000	....	-
Offshore Global Bond	$1.0062	1.0482	....	-
Offshore Global Bond Acc	$1.0062	1.0482	....	-
Offshore Far Eastern Fd	$2.5811	2.7430	....	-
Offshore UK Growth Fd	$2.1130	2.2455	....	-
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Mar 5	$4.30		....	-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£16.46	16.71	....	1.43
LFM Defensive Strgy	£11.91	12.56	+0.24	-
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int (a)†	100.90	102.00xd	+0.30	6.76
International Bond (a)†	$1.164	1.176xd	+0.006	5.10
†Prices on Mar 10. Next dealing Mar 17.				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling	£37.0281		....	5.12
US $	$48.9594		....	1.73
D-Mark	DM84.7913		....	7.23
Swiss franc	SF78.2982		....	4.30
Yen	Y5187.08		....	1.90
Scimitar Worldwide Money Fund Ltd				
Sterling	£25.9080		+0.0046	6.80
US $	$37.4085		+0.0025	2.45
D-Mark	DM81.8154		+0.0150	7.20
Swiss Franc	SF60.4486		+0.0127	5.71
Japanese Yen	Y7720.4365		+0.3232	2.53
Australian $	A$41.7836		+0.0057	5.14
Canadian $	C$34.5441		+0.0048	5.25
Ecu	Ecu16.4464		+0.0037	8.84
US$ Managed	$39.2137	40.4265	+0.0092	2.44
Sterling Managed	£25.0603	25.8354	+0.0028	4.01
Scimitar Worldwide Selection Fd Ltd				
Equity Class Funds				
American	$15.18	16.11	-0.04	-

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Asian Convertibles & Income Fd (Cayman)				
NAV Mar 11	$10.53		-0.50	-
Austro-Hungary Fund Ltd				
Lloyds Bank Fund Management (Guernsey) Ltd				
NAV Mar 11	$5.74		....	-
BEA Associates				
Sth America NAV Mar 4	$2.44		....	-
Mexico Lat Amer Mar 8	$12.5172		....	-
Argentina Debt Fd Mar 9	$12.14		....	-
BEA/Nascent Latin Am Debt	$22.22		....	-

	Bid Price	Offer Price	+ or -	Yield Gross
Global Asset Management-Contd.				
GAM Tyche	$299.45		....	-
GAM U.S.	$219.37		....	-
GAM us Investments	$709.76		-3.62	-
GAM Value	$118.38		....	-
GAM Whitethorn	$178.53		....	-
GAM Worldwide	$361.65		....	-
GSAM Composite	$285.35		....	-
GAM Bond $ Ord	$141.49		....	-
GAM Bond $ Special	$172.86		....	-
GAM Bond SwFr	SF97.19		....	-

	Bid Price	Offer Price	+ or -	Yield Gross
Orbitex Bahamas Ltd				
Orbitex Nat Res Fd	$11.8454	13.027		-
Orbitex Growth Fund	$7.8371	8.6208		-
Orbitex Health & Environmental	$5.4365	5.9802		-
ORIENT Growth Fd				
NAV	$9.76		-0.04	-
PFC Internatl Portfolio Fd Mngt Ltd				
Specialist Growth Fd	$2.77		....	-
Balanced Growth Fd	$2.44		....	-
Sterling Income Fd	£1.65		....	-

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

CANADA (3 pm)

JAPAN

INDICES

NEW YORK

DOW JONES

	Mar 11	Mar 10	Mar 9	Mar 8	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3457.00	3478.34	3472.12	3469.42	3478.34 (10/3/93)	3136.58 (9/10/92)	3478.34 (10/3/93)	41.22 (2/7/32)
Home Bonds	106.50	106.39	106.15	106.10	106.50 (11/3/93)	98.41 (20/3/92)	106.50 (11/3/93)	54.99 (1/10/81)
Transport	1554.86	1562.02	1571.99	1582.82	1589.61 (8/2/93)	1204.40 (26/8/92)	1589.61 (8/2/93)	12.32 (8/7/32)
Utilities	240.74	241.99	240.80	241.30	241.99 (10/3/93)	200.74 (8/4/92)	241.99 (10/3/93)	10.50 (8/4/32)

DJ Ind. Day's High 3493.74 (3497.26) Low 3437.27 (3432.88) (Theoretical♦)
Day's High 3479.89 (3478.34) Low 3450.51 (3448.43) (Actual♦)

STANDARD AND POOR'S

	Mar 11	Mar 10	Mar 9	Mar 8	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	453.72	456.33	454.40	454.71	456.33 (10/3/93)	394.50 (8/4/92)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials	521.77	524.99	522.75	523.64	524.99 (10/3/93)	470.91 (8/4/92)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	45.35	45.43	44.94	44.40	45.43 (10/3/93)	32.49 (8/4/92)	45.43 (10/3/93)	8.64 (1/10/74)
NYSE Composite	250.20	251.36	250.21	250.15	251.36 (10/3/93)	217.92 (8/4/92)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	422.31	421.88	419.02	416.73	422.31 (11/3/93)	364.85 (9/10/92)	422.31 (11/3/93)	29.31 (9/12/72)
NASDAQ Composite	694.28	692.87	688.96	687.23	708.85 (4/2/93)	547.84 (26/6/92)	708.85 (4/2/93)	54.87 (31/10/72)

	Mar 5	Feb 26	Feb 19	year ago (approx.)
Dow Industrial Div. Yield	2.99	3.02	3.07	2.84
	Mar 10	Mar 3	Feb 24	year ago (approx.)
S & P Industrial div. yield	2.44	2.48	2.53	2.61
S & P Indl. P/E ratio	26.62	26.16	26.88	26.61

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Glaxo	6,024,400	19	- ⅞
Nat Semi	3,599,000	12⅞	+ 1⅜
St John Kn	3,507,200	17½	—
Merck	3,018,300	39	- 1
Wal-Mart	2,819,900	33¼	- ¼
Bristol Myers	2,817,400	57⅞	- 1⅛
Gen Motors	2,667,600	38¾	- 1⅜
Philip Morris	2,398,900	65⅝	+ ⅞
Walt Disney	2,373,000	44⅞	- ⅛
IBM	2,280,500	54¼	- 1⅛

TRADING ACTIVITY

† Volume (Millions)	Mar 11	Mar 10	Mar 9
New York SE	252.510	255.190	290.120
Amex	17.587	18.462	14.980
NASDAQ	205.080	199.750	232.268
NYSE			
Issues Traded	2,500	2,495	2,487
Rises	924	1,045	1,094
Falls	956	832	847
Unchanged	620	618	546
New Highs	194	170	257
New Lows	11	7	16

CANADA

TORONTO

	Mar 11	Mar 10	Mar 9	Mar 8	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2906.14	2931.29	2931.29	2931.29	3238.87 (16/1/92)	2529.91 (17/11/92)
Composite	3552.42	3551.99	3551.99	3551.99	3868.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1833.56	1830.45	1830.45	1830.45	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ‡ Amended figure.

	Mar 12	Mar 11	Mar 10	Mar 9	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1661.5	1661.1	1647.5	1633.7†	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	646.7	646.9	640.1	636.0	726.80 (3/7/92)	545.40 (18/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	349.42	354.95	353.32	357.76	458.57 (24/2/92)	281.41 (13/8/92)
Traded Index (2/1/91)	838.25	838.73	846.70	855.87	1089.43 (24/2/92)	682.98 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1240.0	1245.98	1249.29	1236.12	1249.29 (10/3/93)	1046.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	280.31	281.22	283.45	283.71	385.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	991.3	1006.2	998.1	982.1	1008.20 (11/3/93)	541.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	528.51	530.89	533.22	533.30	555.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1965.16	1988.94	1992.42	2008.89	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	675.25	675.23	675.70	673.93	725.28 (26/5/92)	585.61 (12/10/92)
Commerzbank (1/12/53)	1901.80	1904.00	1906.10	1899.20	2043.60 (25/5/92)	1594.80 (12/10/92)
DAX (30/12/87)	1707.14	1717.40	1709.68	1713.13	1811.57 (25/5/92)	1420.30 (5/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	6170.4	6371.84	6489.46	6506.0	6506.00 (9/3/93)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1388.73	1411.80	1405.56	1397.43	1469.67 (17/1/92)	1094.88 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	514.24	520.71†	518.65	511.02	551.59 (6/2/92)	354.93 (18/8/92)
MIB General (4/1/93)	1136.0	1160.0	1141.0	1128.0	1186.00 (2/3/93)	992.00 (11/1/93)
JAPAN						
Nikkei (16/5/49)	18037.52	17904.79	17858.63	17849.30	23801.18 (8/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1350.84	1344.34	1341.86	1339.77	1763.43 (8/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1698.16	1688.30	1687.54	1683.71	2459.85 (8/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	638.05	637.25	637.37	631.79	680.35 (5/11/92)	546.63 (14/1/92)
NETHERLANDS						
CBS TtlRtn.Gen.(End 1983)	323.1	327.4	327.4	325.6	327.40 (10/3/93)	274.00 (8/1/92)
CBS All Shr (End 1983)	217.4	220.3	220.3	219.1	220.30 (10/3/93)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	769.01	770.16	766.28	759.58	772.74 (19/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1494.66	1503.73	1529.82	1529.50	1590.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	417.82	420.26	420.55	418.62	421.27 (24/2/93)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	1038.0¥	1028.0	1002.0	1013.0	1327.00 (21/1/92)	748.00 (10/11/92)
JSE Industrial (28/9/78)	4471.0¥	4473.0	4464.0	4449.0	4589.00 (4/6/92)	3536.00 (19/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	628.16	615.26	(c)	626.23	709.77 (9/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	237.41	240.45	240.36	241.74	266.51 (26/2/92)	179.46 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/3/37)	1012.50	1026.0	1026.50	1033.70	1036.00 (9/3/93)	639.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	940.7	954.0	948.2	942.6	954.00 (11/3/93)	746.50 (8/1/92)
SBC General (1/4/87)	724.7	733.9	731.3	728.4	733.90 (11/3/93)	596.40 (26/8/92)
TAIWAN**						
Weighted Price (30/6/66)	4584.53	4519.38	4474.40	4474.47	5391.63 (30/1/92)	3098.43 (8/1/93)
THAILAND						
Bangkok SET (30/4/75)	916.26	898.76	900.07	883.71	998.44 (25/1/93)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	528.2*	523.6	524.5	524.1	542.10 (7/1/92)	487.50 (9/4/92)
Euro Top-100 (26/6/90)	940.97	951.36	952.32	950.21	976.55 (25/5/92)	772.92 (5/10/92)

**Saturday March 6: Taiwan Weighted Price 4,723.88, Korea Comp Ex. 625.93
¥ Subject to official recalculation. ‡ Correction. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

Prices supplied by Telekurs

WORLD STOCK MARKETS

AMERICA

Dow drops after heavy selling in bonds

Wall Street

US share prices fell sharply yesterday after an unexpectedly strong February producer prices index sparked heavy selling in the bond market amid fears of a revival in inflation, *writes Patrick Harverson in New York*.

At 1pm, the Dow Jones Industrial Average was 49.44 lower at 3,407.56. The more broadly based Standard & Poor's 500 was 5.76 lower at 447.94, while the Amex composite was down 2.29 at 420.02, and the Nasdaq composite down 5.84 at 688.38. Volume on the NYSE was 150m shares by 1pm, and declines outnumbered rises by 1,467 to 380.

The news that sparked the selling yesterday was the 0.4 per cent rise in the February PPI and although the increase was only slightly higher than forecast, equity investors reacted badly to the figures – partly because of the sell-off in the bond market that they triggered. By midday the benchmark 30-year bond had dropped almost a full point, pushing the yield up to 6.824 per cent.

Investors were also selling because of a lack of confidence in the market's recent rally, which only on Wednesday lifted the Dow to a record high. Stocks look expensive in relation to corporate earnings, and recent statistics have cast some doubt on the once-optimistic outlook for the economy.

Analysts also said that concern about the political situation in Russia may have contributed to declines.

Primerica rose $⅝ to $48⅝ and American Express added $¼ at $27⅝ after the two groups concluded a $1bn deal in which the latter's Shearson broking subsidiary will be merged into Primerica's Smith Barney brokerage unit.

Under the terms of the deal, American Express will get $850m in cash, $125m in convertible preferred stock and $25m in warrants from Primerica. American Express, however, said that it would take a first quarter charge of about $630m, which would include taxes, transaction-related costs and a reduction in goodwill of $750m.

General Motors held firm at $38¼ in volume of 1.3m shares as investors shrugged off the unexpected departure of Mr J Ignacio Lopez de Arriortura, the head of worldwide purchasing at the carmaker and a key figure in the company's cost-cutting campaign.

Once again, cyclical stocks were hit hard by selling, primarily because they had enjoyed big gains earlier in the week when optimism about the economy was sweeping stocks to new highs. Caterpillar lost $1½ at $57¼, International Paper slipped $1 to $63¾, General Electric tumbled $1¼ to $85¼, Goodyear dropped $1 to $74¾, and Alcoa fell $1¾ to $69½.

Canada

TORONTO followed Wall Street lower with a fall in the TSE-300 composite index at noon of 24.50 to 3,527.92 in volume of some 23.8m shares. The financial sub-index was down 20.50 at 2,666.18.

American Barrick was off C$1⅝ at C$19½ and Placer Dome down C$¼ at C$16⅝. Encor firmed C$0.04 at C$0.36 after Talisman Energy made a proposal to buy all of Encor's outstanding shares.

EUROPE

Crisis in Moscow haunts the Continent

BOURSES subsided yesterday afternoon, following an unfounded claim in Moscow that armed troops had entered the Kremlin, and a distinct lack of enthusiasm for equities on Wall Street, *writes Our Markets Staff*.

FRANKFURT shelved interest rate prospects for worries about Russia, and uncertainty about the outcome of talks between Bonn and the regional German states on the financial aspects of a solidarity pact. The DAX index ended 10.26 lower at 1,707.14, still 1.4 per cent higher on the week.

Turnover fell from DM7.6bn to DM6.8bn. Among blue chips, VW rose DM3.60 to an official DM292.80 close on news that GM's purchasing chief, Mr J. Ignacio Lopez de Arriortura, is joining VW. Mr Lopez, a tough cost-cutter, would likely to help VW improve profit margins, dealers said. VW lost DM5.70 after hours.

Daimler dipped on the news of lower 1992 profits, closing at DM623 and ending the afternoon a net DM10.70 down on the day at DM66.50.

PARIS struggled throughout the day, the decline accelerating as Wall Street opened. The CAC-40 index closed 23.70 down at 1,965.18 after a high of 1,980 and a low of 1,957, as turnover remained static at FFr2.6bn.

In the absence of fresh corporate news, activity was concentrated on the big blue-chip stocks: among financials Suez, leading the actives, dipped FFr5.20 to FFr314.70, Société Générale FFr6 to FFr638 and Paribas FFr11.10 to FFr416.

Crédit Lyonnais CI's slipped FFr15 to FFr520 after the chairman estimated that the bank's 1992 results were the worst for 20 years.

In the car sector Peugeot lost FFr2 to FFr567, having been a little stronger on Thursday following Renault's better than expected results. Valeo eased FFr10 to FFr785.

AMSTERDAM retreated with a fall in the CBS Tendency index of 1.6 to 104.2, down 2.3 per cent on the week. Prices were generally depressed with even ABN Amro losing Fl 1.20 to Fl 53.80 after reporting a satisfactory 9.6 per cent rise in net profit.

VNU declined Fl 3.20 to Fl 104.20 after confirming that it was holding talks with another Dutch company over a possible partnership in its printing operations.

Commenting on this move, NatWest Securities in London said that while some investors may have been disappointed that VNU had not found an outright buyer for the division, long-term prospects remained positive.

MILAN remained weak ahead of Monday's end of the March account with a 6.46 fall in the Comit index to 514.24, down nearly 4 per cent on the week.

The construction sector built on Thursday's losses after a parliamentary committee blocked a government decree which would have allowed public works projects, halted because of the current political corruption scandals, to have proceeded. Cogefar Impresit fell L40 to L2,690 and Grasseto lost L550 to L6,400.

Sip, the telecommunications group, eased just L2 to L1,654 as investors showed little reaction to its L850bn rights issue.

BRUSSELS engaged in profit-taking after a moderately active session with the steel stocks, Arbed and Clabecq, the main centre of attention. The Bel-20 index closed 7.23 lower at 1,238.75, up 1.5 per cent on the week.

The Luxembourg-based Arbed closed BFr250, or 8.3 per cent lower at BFr2,750 and Clabecq dropped BFr48, or 12.6 per cent to BFr332.

STOCKHOLM was weaker as the country's own political crisis remained unresolved. The Affärsvärlden general index lost 13.5 to 1,012.5, a fall of 1.8 per cent on the week as turnover fell to SKr635m from SKr845m.

Volvo lost SKr14 in the B shares to SKr380 after its disappointing results on Thursday.

ZURICH tumbled on the Russian news, the SMI index closing 37.2, or 1.7 per cent lower on the day at 2,164.4, a fraction lower on the week. After gains in cyclicals earlier in the week, Brown Boveri was the most active stock of the day, the bearers falling SFr50 to SFr4,020, but Nestlé bearers fared worse with a decline of SFr40 to SFr1,130.

HELSINKI reacted to Thursday's downgrading of its foreign currency debt rating by S & P with a fall in the HEX index of 14.9 to 1,006.2. Turnover was some FM306m.

The bank index lost 2.7 per cent while forestry shares were 2.2 per cent lower.

VIENNA fell in line with neighbouring markets and the ATX index closed down 2.50 at 936.23, the lowest level for two weeks. Austrian Airlines put on Sch10 to Sch1,600 on reports of planned closer co-operation with SAS, KLM and Swissair.

ISTANBUL rebounded by 1.8 per cent after a two-day fall of 4.7 per cent, the market index closing 102.44 higher at 5,757.02. Traders said that next Wednesday's TL26,500bn of bond maturities were expected to flood Turkish financial markets with cash after two weeks of shortage.

FT-SE Actuaries Share Indices

March 12 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1160.62	1159.51	1158.83	1156.80	1157.06	1151.41	1145.91	1145.86
FT-SE Eurotrack 200	1224.39	1223.06	1222.52	1221.13	1221.20	1216.37	1212.09	1212.44

	Mar 11	Mar 10	Mar 9	Mar 8	Mar 5
FT-SE Eurotrack 100	1163.60	1167.52	1164.26	1165.04	1159.70
FT-SE Eurotrack 200	1232.53	1231.98	1230.72	1229.32	1225.29

Base value 1000 (26/10/90) High/day: 100 - 1160.62 200 - 1224.62 Low/day: 100 - 1144.91 200 - 1210.28.

SOUTH AFRICA

JOHANNESBURG was mixed with a gain in the overall index of 12 to 3,451 and in the gold index of 10 to 1,088. The industrial index lost 2 to 4,471 with De Beers 50 cents lower at R66.50 and Anglos 50 cents higher at R97.75.

Madrid awaits a key interest rate decision

But the authorities are cautious, writes **Tom Burns**

Next week could be the one that the Spanish bolsa has been waiting for. Not for a long time has there been such a strong feeling that domestic interest rates will come down.

Hopes went on hold this week, especially yesterday when the general index fell 3.04 to 237.41 on profit-taking, declines in other bourses and after 0.2 per cent negative GDP growth in the fourth quarter of 1992.

However, underlying sentiment has been lifted by the prospect of lower domestic inflation figures, due at the beginning of next week, and by the expected easing of key rates in Germany.

What the market is looking for is a cut of perhaps a half-point in the current 13 per cent benchmark intervention rate when the Bank of Spain holds the repurchase tender of its certificates on March 22.

The forecasts of a rally coincide with what appears to be a key change in foreign perceptions about the domestic market. Foreign institutions which, demonstrably, had underweighted Spain last year, seem to have cottoned on to the fact that the bolsa is relatively inexpensive.

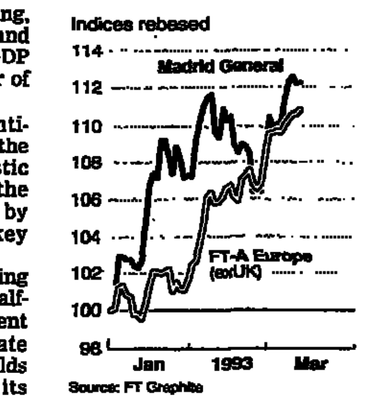
With the general index hovering at around 240, the bolsa has put on just over 12 per cent in value since its nadir at the beginning of this year.

By the end of 1992 the Madrid market was undervalued by perhaps as much as 40 per cent and by the end of this year, in the present bullish mood, professionals have estimated that the bolsa could climb to 280.

"People are not selling Spain now," says Mr Juan Bastos of the Madrid brokers Ibersecurities. "Investors are not asking *whether* they should come into but *when* they should come in. That's a very important switch in perception."

What seems to have occured is a general decision that the bolsa has hit rock bottom, and that it is time to change positions. If the sentiment in 1992 was to sell in order to come back in at a later date, the mood now is that the later date has more or less arrived; any delays could make the return more expensive.

The upcoming partial privatisations of Repsol, the state-controlled energy group, and of Argentaria, the state-controlled banking corporation, have created an opportunity for investors to correct the underweighting that marked the past months. Both placings are very likely to have a knock-on effect on the rest of the bolsa, simply in the enthusiasm that they generate.



Source: FT Graphite

Ahead of either flotation, however, all eyes are expected to focus on how the financial authorities will move. The Bank of Spain is extremely cautious and conservative about easing the interest rates, but, observers ask, can it resist for much longer the growing clamour to ease?

The inflation figures are more important than usual, in part exceptionally so because they will cover two months, January and February – the January figures were not released last month because the statistics office was overhauling the CPI price base – and in part because they are expected to show a strong improvement in the inflationary trend.

The expectation is that year-on-year inflation will be shown to have eased to around 5.0 per cent or 5.1 per cent in January from the 5.4 per cent rate in December, and that the National Statistics Institute will show a further drop to as low as 4.7 per cent in year-on-year headline inflation in February.

Figures like that should be good for the bolsa. A subsequent cut in German rates would give the Bank of Spain considerable room to manoeuvre. "Money in Spain is far too tight, the rates have to come down but Germany has the last word," says Mr Alvaro Villacieros of the Madrid office of James Capel.

The Bank of Spain, of course, has a last word, too. It will have until the week after next, and its repo auction, to gauge exactly what signal the Bundesbank is giving and what the best response might be. It will certainly be looking for a differential of at least 400 basis points against the German rates.

For all the bullishness in the air, wise market analysts are extremely wary of overplaying it. The Bank of Spain has every reason to be as tight as it possibly can: wage settlements, which are coming in at between 6.5 per cent and 8.5 per cent, are not showing the desired restraint and the government deficit in 1992, according to the latest figures filtering through, could be closer to 5.4 per cent of GDP instead of the 4.4 per cent claimed by the economy ministry.

The Bank, moreover, is fully aware that fresh assaults on the peseta within the ERM are all too likely. There is a "risk assumption" among foreign investors that the ERM could fall apart or, more exactly, that the peseta will abandon its battle to remain at the heart of the hard core of the monetary system.

Everything that the government and the Bank of Spain has said to date, however, emphasises that the British option, with its plunging currency and interest rates, is not an option for Spain. The Spanish bulls will be at best cantering, never galloping.

ASIA PACIFIC

Hong Kong falls sharply on Patten speech

Tokyo

LAST minute buying by foreign investors and arbitrageurs boosted the Nikkei index above the 18,000 level for the first time since September 25.

The Nikkei closed up 132.73 at 18,037.52, its sixth consecutive rise and 7.3 per cent higher on the week; it moved between 17,823.52 and 18,043.95, fluctuating in the morning session on price fixing for March contracts of stock index futures and options.

Volume rose to 800m shares against 444m. Some 500m shares changed hands during the first hour on futures and options-related trading. Domestic institutions, which close their books for the March year-end, liquidated arbitrage positions, while foreign investors and public funds were the big buyers.

Gains led losses by 695 to 316, with 153 unchanged. The Topix index of all first section stocks rose 6.60 to 1,350.94 and, in London, the ISE/Nikkei 50 index edged up 0.44 to 1,085.40.

Traders said that continued selling by investment trusts and corporate investors was countered by foreign buying. The Tokyo stock exchange announced that foreigners were net buyers of Y10.3bn worth of stocks during the first week of March, turning buyers for the first time in four weeks. Investment trusts sold a net Y32.1bn worth of shares, while individual investors sold Y32.8bn. Banks became net sellers for the first time in 26 weeks, selling Y2.9bn.

Nippon Telegraph and Telephone continued to lead the rise, advancing Y15,000 to Y810,000. Corporate holders of NTT shares were also strong, with NEC, which holds 8,000 shares and was the most active issue of the day, rising Y18 to Y779. Hitachi, which owns 6,000 shares, rose Y12 to Y757.

On the other hand, air transport was the worst performing sector of the day, falling 2.94 per cent. A sharp fall in Japan Airlines, which closed down Y28 to Y563 on rumours of heavy foreign exchange losses, weighed on the sector.

In Osaka, the OSE average rose 85.58 to 18,919.80 in volume of 31.5m shares.

Roundup

BOMBAY's stock market was badly damaged after a bomb exploded near the trading floor, one of an estimated 19 that were detonated in the city yesterday. Hong Kong lost more than 3 per cent after Mr Chris Patten, the governor, said that he was to press ahead with democratic reform proposals.

HONG KONG fell sharply after Mr Patten's announcement, which came just before the close of trading. The decision surprised investors, many of whom had been expecting a resumption in Sino-British talks. The Hang Seng index, which had earlier seen a high of 6,447, closed 201.44 lower at 6,170.40, a fall of 5.1 per cent on the week. Turnover fell slightly to HK$5.04bn from HK$5.10bn.

The selling continued in London as over-the-counter share prices declined strongly, indicating a further fall in the Hang Seng of some 200 points. Analysts forecast that the Hang Seng could fall to 5,850 before the low prices begin to attract foreign investors.

Declines were widespread with HSBC Holdings down HK$2.50 at HK$66 and Hang Seng Bank, which reports 1992 earnings on Monday, HK$2 lower at HK$66. Jardine Matheson fell HK$2.50 to HK$50.

AUSTRALIA tried to extend its gains but a bout of pre-election nerves left the All Ordinaries index up just 0.4 at 1,661.5, off its morning high of 1670.9 but 3 per cent better on the week.

Coal & Allied rose A$2.05 to A$11.10 on news of CRA's A$11.50 a share takeover offer. Analysts said that CRA should win control.

BANGKOK's SET index rose 19.50, or 2.2 per cent to 916.26, up 1.9 per cent on the week, in turnover of Bt6.85bn. There were rumours that Thailand's SEC could be considering reducing the level of punishment for those involved in share manipulation.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 11 1993								WEDNESDAY MARCH 10 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	138.22	+1.1	142.66	102.71	119.33	129.95	+0.8	3.78	136.76	141.54	102.01	118.35	128.89	153.68	108.18	142.87
Austria (18)	146.80	−0.4	151.51	109.09	126.74	127.08	−0.4	1.77	147.35	152.50	109.91	127.51	127.60	188.70	131.16	170.00
Belgium (42)	145.17	+0.0	149.83	107.86	125.33	122.62	+0.0	4.98	145.23	150.31	108.32	125.68	122.67	152.27	131.19	137.31
Canada (113)	123.71	+0.0	127.68	91.92	106.79	111.49	−0.2	3.00	123.70	128.03	92.27	107.04	111.66	142.12	111.36	130.45
Denmark (33)	201.92	−0.7	208.39	150.04	174.31	175.07	−0.9	1.31	203.38	210.50	151.71	176.00	176.62	273.94	181.70	237.28
Finland (23)	73.76	+1.4	76.12	54.81	63.68	93.73	+1.6	1.35	72.75	75.29	54.27	62.96	92.22	89.80	52.84	80.50
France (98)	156.75	+0.0	161.78	116.46	135.31	136.68	−0.2	3.24	156.76	162.24	116.92	135.64	136.93	168.75	136.93	151.00
Germany (62)	114.29	+0.8	117.96	84.94	98.66	98.66	+0.6	2.22	113.39	117.36	84.59	98.12	98.12	129.69	101.59	117.12
Hong Kong (55)	255.53	−1.7	263.73	189.87	220.61	253.73	−1.8	3.62	260.00	269.09	193.93	225.01	258.25	262.28	176.36	209.59
Ireland (16)	144.46	+0.6	149.10	107.34	124.71	139.09	+0.5	3.77	143.66	148.68	107.16	124.32	138.41	173.71	122.96	157.34
Italy (73)	60.47	+0.4	62.41	44.93	52.20	72.44	+0.6	2.78	60.23	62.34	44.93	52.12	72.02	80.86	47.47	70.74
Japan (472)	114.93	+0.6	118.62	85.40	99.23	85.40	+0.2	0.98	114.26	118.26	85.23	98.89	85.23	140.95	87.27	107.78
Malaysia (69)	278.38	−0.7	287.31	206.84	240.32	279.46	−0.8	2.36	280.41	290.21	209.15	242.65	281.71	282.42	212.49	242.03
Mexico (18)	1547.88	+0.6	1597.54	1150.15	1336.27	5273.42	+0.5	1.14	1538.37	1592.17	1147.47	1331.26	5246.09	1789.77	1185.84	1680.11
Netherland (24)	164.44	+0.1	169.71	122.19	141.96	140.05	−0.1	4.04	164.20	169.95	122.48	142.10	140.22	169.70	147.88	147.88
New Zealand (13)	46.00	+0.1	47.48	34.18	39.72	46.31	+0.1	4.72	45.96	47.57	34.29	39.78	46.27	48.52	37.39	45.30
Norway (22)	148.57	+1.0	153.34	110.40	128.27	142.57	+0.9	1.85	147.07	152.21	109.70	127.27	141.28	192.95	128.05	164.01
Singapore (38)	219.79	−0.9	226.84	163.32	189.74	166.92	−1.0	1.99	221.90	229.66	165.51	192.02	168.62	229.83	179.65	207.26
South Africa (60)	166.85	+1.0	172.20	123.97	144.03	166.84	+0.9	3.02	165.13	170.90	123.16	142.89	165.41	263.60	134.21	213.30
Spain (46)	127.41	+0.2	131.50	94.67	109.99	114.38	+0.2	5.27	127.20	131.65	94.88	110.07	114.14	161.72	107.10	151.54
Sweden (36)	162.91	−2.4	168.14	121.06	140.65	187.63	−0.2	2.10	166.97	172.81	124.55	144.50	187.99	200.28	149.69	177.90
Switzerland (56)	114.30	+1.2	117.97	84.94	98.69	107.98	+0.5	2.00	112.92	116.86	84.23	97.73	107.42	122.37	95.99	95.99
United Kingdom (226)	170.81	+0.2	176.30	126.91	147.45	176.30	−0.1	4.17	170.53	176.49	127.18	147.56	176.49	200.07	161.86	170.23
USA (522)	185.26	−0.5	191.20	137.66	159.94	185.26	−0.5	2.73	186.27	192.78	138.94	161.20	186.27	186.27	160.92	165.03
Europe (775)	140.88	+0.2	145.40	104.68	121.63	135.01	+0.1	3.45	140.56	145.48	104.85	121.64	134.92	156.88	131.31	140.59
Nordic (114)	151.20	−1.5	156.05	112.35	130.53	152.60	−0.1	1.83	153.45	158.82	114.46	132.79	152.80	188.52	141.24	171.21
Pacific Basin (715)	120.28	+0.4	124.14	89.38	103.84	91.84	+0.1	1.31	119.76	123.94	89.33	103.64	91.76	141.97	93.70	112.38
Euro-Pacific (1490)	128.59	+0.3	132.72	95.54	111.00	108.98	+0.1	2.26	128.15	132.63	95.58	110.89	108.90	145.21	113.80	123.89
North America (635)	181.44	−0.5	187.26	134.83	156.66	180.26	−0.5	2.74	182.39	188.76	136.05	157.86	181.21	182.38	158.70	162.84
Europe Ex. UK (549)	122.22	+0.3	126.14	90.84	105.54	112.03	+0.2	2.96	121.89	126.16	90.94	105.51	111.83	132.98	111.33	122.23
Pacific Ex. Japan (243)	172.79	−0.5	178.34	128.41	149.19	158.34	−0.6	3.41	173.67	179.74	129.56	150.30	159.32	175.31	146.06	157.52
World Ex. US (1681)	129.70	+0.3	133.86	96.38	111.97	110.96	+0.1	2.29	129.25	133.77	96.41	111.85	110.88	146.91	115.99	126.11
World Ex. UK (1977)	145.19	−0.1	149.85	107.89	125.35	129.65	−0.2	2.29	145.26	150.34	108.36	125.72	129.89	150.58	127.21	135.24
World Ex. So. Af. (2143)	147.41	+0.0	152.14	109.54	127.27	133.42	−0.2	2.47	147.47	152.62	110.01	127.63	133.67	153.05	130.04	137.82
World Ex. Japan (1731)	166.03	−0.2	171.36	123.38	143.36	161.98	−0.3	3.01	166.44	172.26	124.16	144.06	162.49	166.44	151.93	155.67
The World Index (2203)	147.43	+0.0	152.16	109.55	127.29	133.75	−0.2	2.47	147.48	152.63	110.01	127.63	133.99	153.70	130.66	138.29

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or −	1992/93 high	1992/93 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 10pc 1993‡‡	100 13/32xd	—	101 27/32	99 1/16	9.96	5.61
12½pc 1993‡‡	102 3/16	−1/16	104 1/2	100 13/32	12.22	5.53
Funding 6pc 1993‡‡	100 1/16	—	100¼	95 3/16	5.99	5.51
Treas 13¾pc 1993‡‡	105 7/16	—	107⅞	103 1/16	13.03	5.43
8½pc 1994	102 19/32	—	102 19/32	96¼	8.28	5.36
14½pc 1994‡‡	108 11/16	—	110 3/16	104 11/16	13.38	5.34
Exch 13½pc 1994	108⅝	—	110 11/16	103 11/16	12.43	5.44
Treas. 10pc Ln. 1994‡‡	105 7/16	—	105 13/16	98 1/16	9.50	5.49
Exch 12½pc 1994	109⅝	—	110½	103 3/16	11.40	5.50
Treas 9pc 1994‡‡	105 13/32	—	105 27/32	98⅝	8.54	5.56
12pc 1995	111 3/16	+1/16	111 15/16	102 23/32	10.80	5.83
Exch 3pc Gas 90-95	96½	—	96¾	88¼	3.11	4.75
10¼pc 1995	109 13/32	+3/32	109⅞	99 5/16	9.34	5.78
Treas 12¾pc 1995‡‡	116 13/32	+3/16	116⅝	106⅛	10.92	5.89
14pc 1996	120 7/16	+1/16	120⅝	109 11/16	11.64	6.12
15¼pc 1996‡‡	125¼	+⅛	125⅝	113 15/16	12.18	6.25
Exch 13¼pc 1996‡‡	119 13/16	+1/16	120 1/16	108	11.06	6.36
Conversion 10pc 1996	111½	+⅛	111½	98 13/16	8.97	6.42
Treas 13¼pc 1997‡‡	122 13/16	+3/16	122 7/16	109 11/16	10.82	6.55
Exch 10½pc 1997	113⅝	+3/16	113⅝	100 13/16	9.24	6.53
Treas 8¾pc 1997‡‡	108 7/16	+3/16	108 11/16	94	8.08	6.49
Exch 15pc 1997	132 3/16	+¼	132 11/16	117 11/16	11.35	6.52
9¾pc 1998	112⅝	+½	112⅝	97 11/16	8.66	6.65
Five to Fifteen Years						
Treas 7¼pc 1998	103¼xd	+¼	103¼	98 11/16	7.14	6.48
Treas 6¾pc 1995-98‡‡	100 11/16	+3/16	100 13/16	86 11/16	6.69	6.52
15½pc '98‡‡	138 13/16xd	+½	138 15/16	123 3/16	11.18	7.00
Exch 12pc 1998	122 3/16	+¼	122⅞	107 11/16	9.79	7.11
Treas 9½pc 1999‡‡	112 13/16	+⅛	112½	97 3/16	8.45	6.88
Exch 12¼pc 1999	124 13/16xd	+½	124 13/16	109½	9.84	7.17
Treas 10½pc 1999	117 7/16	+3/16	117 11/16	101 13/16	8.95	7.01
Conversion 10¼pc 1999	116 3/16	+3/16	117 13/16	100 11/16	8.79	7.09
9pc 2000‡‡	110 11/16	+3/16	110 13/16	94⅝	8.14	7.04
Treas 13pc 2000	130 13/16	+3/16	131	114 13/16	9.95	7.46
10pc 2001	115 3/16	+½	115 3/16	99 13/16	8.69	7.44
14pc '98-1	129¼	+3/16	129½	115 13/16	10.83	7.14
9¾pc 2002	114 3/16	+3/16	114 13/16	98⅝	8.54	7.62
8pc 2003 (£50 pd)	53 1/16	+1/16	53 13/16	46 13/16	7.78	7.56

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1992/93 high	1992/93 low	Yield Int.	Yield Red.
10pc 2003	115 13/16	+3/16	116 3/16	100½	8.63	7.76
Treas 11½pc 2001-4	122 3/16xd	+3/16	122 3/16	107 1/16	9.40	7.71
Funding 3½pc '99-4	74 3/16	+3/16	74 13/16	59½	4.72	6.80
Conversion 9½pc 2004	111 15/16	+3/16	112⅞	96 11/16	8.49	7.91
9½pc 2005	111 13/16xd	+3/16	112 13/16	96 13/16	8.48	7.95
Treas 12½pc 2003-5	131 3/16	+3/16	131¾	116 3/16	9.52	8.07
8pc 2002-6‡‡	100 3/16xd	−1/16	101⅜	85½	7.98	7.92
Treas 11¾pc 2003-7	125 1/16	+3/16	125 13/16	110 13/16	9.40	8.01
Treas 8½pc 2007 ‡‡	103 13/16	+3/16	104¼	89 13/16	8.20	8.05
8½pc 2007 B (£50 pd)	73½	+⅛	74 3/16	68⅛	8.21	8.07
13½pc '04-8	139 3/16xd	+3/16	139⅝	123 13/16	9.70	8.06
Over Fifteen Years						
9pc 2008 ‡‡	107¼xd	+11/16	108⅞	93 11/16	8.35	8.10
8pc 2009	98 13/16xd	−⅛	99½	85 3/16	8.09	8.11
Conv 9pc Ln 2011 ‡‡	106 13/16	+3/16	107 13/16	93 13/16	8.42	8.25
9pc 2011 C (£50 pd)	52 3/16	+3/16	52 13/16	39¼	8.45	8.28
Treas. 9pc 2012	106 15/16	+3/16	107 13/16	93 13/16	8.42	8.27
Treas 5½pc 2008-12‡‡	75⅝	+¼	76¼	62⅞	7.27	7.98
7¾pc 2012-15‡‡	86¼	+¼	87	81 13/16	8.96	8.11
Exch 12pc '13-'17	134 3/16	+⅜	135⅛	118 13/16	8.94	8.46
Treas 8¾pc 2017	104¼	+3/16	105 3/16	91 13/16	8.94	8.33
Undated						
Consols 4pc	47¼	−1/16	47 13/16	39⅞	8.47	-
War Loan 3½pc‡‡	41⅝	−1/16	42 3/16	35 3/16	8.41	-
Conv 3½pc '61 Aft.	62 13/16xd	+3/16	63 13/16	59	5.59	-
Treas 3pc '66 Aft.	36 3/16xd	−1/16	36⅝	29 13/16	8.29	-
Consols 2½pc	31 3/16xd	+1/16	31½	24 13/16	8.05	-
Treas. 2½pc	29¾xd	−⅛	30⅛	24 13/16	8.40	-

BRITISH FUNDS - Cont.

Index-Linked Notes (b)	Price £	+ or −	1992/93 high	1992/93 low	Yield (1)	Yield (2)
Treas. 2pc '94 (102.9)	132 11/16	+1/16	133¾	122⅞	-	0.75
2pc '96 (67.9)	196⅞xd	—	197⅞	175 11/16	1.47	2.17
4⅝pc '98 (135.6)	108⅞	+1/16	108 13/16	100 11/16	2.01	2.55
2½pc '01 (78.3)	168¼xd	+⅛	168¼	139 3/16	2.59	2.82
2½pc '03 (78.8)	162 13/16	+⅛	162 13/16	135	2.76	3.03
4⅜pc '04 (135.6)	110 13/16	—	110 13/16	101⅜	2.89	3.15
2pc '06 (69.5)	168 3/16	—	168 3/16	137 3/16	2.99	3.20
2½pc '09 (78.8)	151⅞	−3/16	152 3/16	124 13/16	3.22	3.40
2½pc '11 (74.6)	156⅝	−3/16	157 3/16	128 3/16	3.29	3.46
2½pc '13 (89.2)	128¼	−⅛	129 3/16	106 3/16	3.35	3.51
2½pc '16 (81.6)	136⅞	−⅛	137¼	112⅞	3.42	3.57
2½pc '20 (83.0)	131 3/16xd	−⅛	131⅝	107 13/16	3.48	3.61
2½pc '24‡‡ (97.7)	108 13/16	—	109 3/16	88⅞	3.51	3.63
4⅛pc '30‡‡ (135.1)	109 3/16	−⅛	109¾	91 13/16	3.52	3.64

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to January 1987. Conversion factor 3.945. RPI for June 1992: 139.3 and for January 1993: 137.9.

OTHER FIXED INTEREST

Notes	Price £	+ or −	1992/93 high	1992/93 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	122 13/16	+11/16	123 3/16	105⅞	9.07	8.56
Asian Dev 10¼pc 2009	115 13/16	+11/16	116 3/16	100 3/16	8.84	8.41
B'ham 11½pc 2012	122½	—	123	102¾	9.39	9.05
Ireland Cap 8½pc '10	101 3/16	−½	103	88⅜	8.35	-
9pc Cap 1995	101¼	−¼	105½	90	8.88	-
13pc '97-2	114¾	−¼	119¾	103⅞	11.33	-
Hydro Quebec 15pc 2011	146	+½	146 13/16	130⅞	10.27	9.59
Leeds 13½pc 2006	134¾	—	135¼	116¼	10.02	9.01
Liverpool 3½pc Irred	36	—	36½	30	9.72	-
LCC 3pc '20 Aft.	32½	—	32½	27	9.23	-
Manchester 11½pc 2007	119½	—	120¼	103¼	9.62	9.09
Met. Wtr. 3pc 'B'	67½	—	67½	53	4.44	7.72
N'wide Anglia 3¾pc 2021	123½	—	123½	103¼	-	4.63
4¼pc IL 2024	122	—	122	103¼	-	4.45
Utd Mex States 16½pc 2008	137	—	138	121½	12.04	11.36

Continued on next page

AMERICANS

	Notes	Price £	+ or –	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		18⅜xd	—	21¼	14⅝	15,378	2.6
Allegheny & W	♥	553p	—	953p	226p	287.4	3.7
Amdahl		650p	–7	1159p	438p	617.7	1.3
Amer Cyanamid		36	–⅛	38⅞	28⅞	3,248	3.2
Amer Express		19[illegible]xd	+[illegible]	18⅞	10[illegible]	9,112	3.5
Amer T & T		40¾xd	–[illegible]	40⅞	20⅛	53,694	2.2
Ameritech		51⅛	–⅛	52¾	32½	22,384	6.0
BankAmerica		38[illegible]xd	+[illegible]	38[illegible]	19[illegible]	13,114	2.5
Bankers NY		51[illegible]xd	+[illegible]	51[illegible]	28⅞	4,188	4.2
Bell Atlantic		36⅞	–1⅛	38⅛	23⅞	15,963	4.9
BellSouth		36	–½	38⅞	25	18,797	5.1
Bethlehem Steel	♥	13[illegible]	+¼	13¾	6¼	1,204	–
Bowater		1639pxd	+30	1682p	905p	601.2	1.7
CPC	h	33⅝xd	–¼	34⅞	22⅞	5,655	2.5
Cadiz Land Inc	♥	118p	—	342p	106p	–	–
California Engy		1435p	—	1435p	591p	281.3	–
Chase Manhattan		24½xd	+¾	24½	9⅛	3,765	3.4
Chrysler		27⅞xd	–½	28⅞	6¼	8,016	1.5
Citicorp		20⅛xd	+⅛	28⅛	6⅞	7,356	–
Colgate-Palm		45⅝xd	+[illegible]	46⅝	25¼	7,284	1.9
Cont'l Bank		1781p	–17	1788p	489p	1,789	2.3
Dana		33[illegible]xd	+[illegible]	34[illegible]	14[illegible]	1,518	3.3
Data General		943p	–8	1004p	384p	280.2	–
Decora Inds	♥	148p	—	148p	88p	–	–
Dun & Brad		42⅞	+1⅛	42⅞	27⅞	7,550	3.7
Eaton		59½	–[illegible]	59⅝	32½	2,067	2.6
Echlin		17½xd	+¼	18⅞	7⅞	1,003	2.8
FPL		26[illegible]xd	—	27⅞	17[illegible]	4,883	6.3
Ford Motor		34[illegible]	–[illegible]	35[illegible]	15	16,809	2.0
Gen Elect		61¼xd	+[illegible]	61¼	36¾	52,309	2.8
General Host	♥	662p	–16	723p	360p	–	3.7
Gillette		42⅝xd	+[illegible]	42⅝	23[illegible]	9,356	1.2
Hasbro		20⅞	—	23½	12⅞	1,815	0.8
Honeywell		22⅞xd	–¼	24⅞	16	3,145	2.7
Houston Inds		32⅞	—	33⅞	22	4,257	6.3
IBM		37⅝xd	–½	54½	29⅝	21,610	3.9
Ingersoll-Rand		23⅛xd	–[illegible]	25	12[illegible]	2,442	2.1
Lockheed		42	+[illegible]	42½	22⅞	2,577	3.5
Lowe's	h	2235p	–16	2251p	815½p	1,630	0.9
Merrill Lynch		49[illegible]xd	+[illegible]	49[illegible]	24[illegible]	5,131	1.7
Morgan (JP)		48[illegible]xd	–[illegible]	48½	28[illegible]	9,248	3.4
Morris (Philip)		46[illegible]xd	+[illegible]	92¼	37[illegible]	42,295	2.6
NYNEX		62	–1¼	64⅛	39⅝	12,784	5.1
Pall		12⅛xd	–⅛	15	9⅞	1,404	1.8
Pennzoil		39¾xd	–[illegible]	40¼	23⅛	1,616	5.2
Quaker Oats		47⅞xd	–[illegible]	48⅛	36	3,387	2.8
Rockwell		20[illegible]xd	—	21⅛	11½	4,564	3.0
Rep NY		37[illegible]xd	+¼	37[illegible]	20⅞	1,946	2.0
Sears, Roebuck		37[illegible]xd	–[illegible]	37[illegible]	19[illegible]	12,840	3.0
Sthwestern Bell		56⅞	–⅛	52⅛	31⅛	15,244	3.9
Sun Co.		19½xd	+[illegible]	21⅛	12⅞	2,072	6.4
Tenneco		33¼xd	+[illegible]	33¼	16½	4,264	3.3
Texaco		43¾	–[illegible]	44¼	30[illegible]	11,319	5.0
Time Warner	h	26[illegible]xd	+[illegible]	25[illegible]	11½	8,357	0.8
Unitab	♥	450p	—	587p	320p	204.6	–
UPS Intl. 1c	[illegible]	0[illegible]	—	1¼p	0¼p	0.51	–
US West		28½	–¼	30¼	18¼	11,781	5.1
Varity		2200p	–60	2280p	632p	685.3	–
Waste Manage		27xd	–[illegible]	27[illegible]	16[illegible]	13,202	1.3
Whirlpool		3685pxd	+11	3720p	1768p	2,575	2.1
Woolworth	♥	21[illegible]	+[illegible]	23	13¼	2,811	3.6

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
q Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

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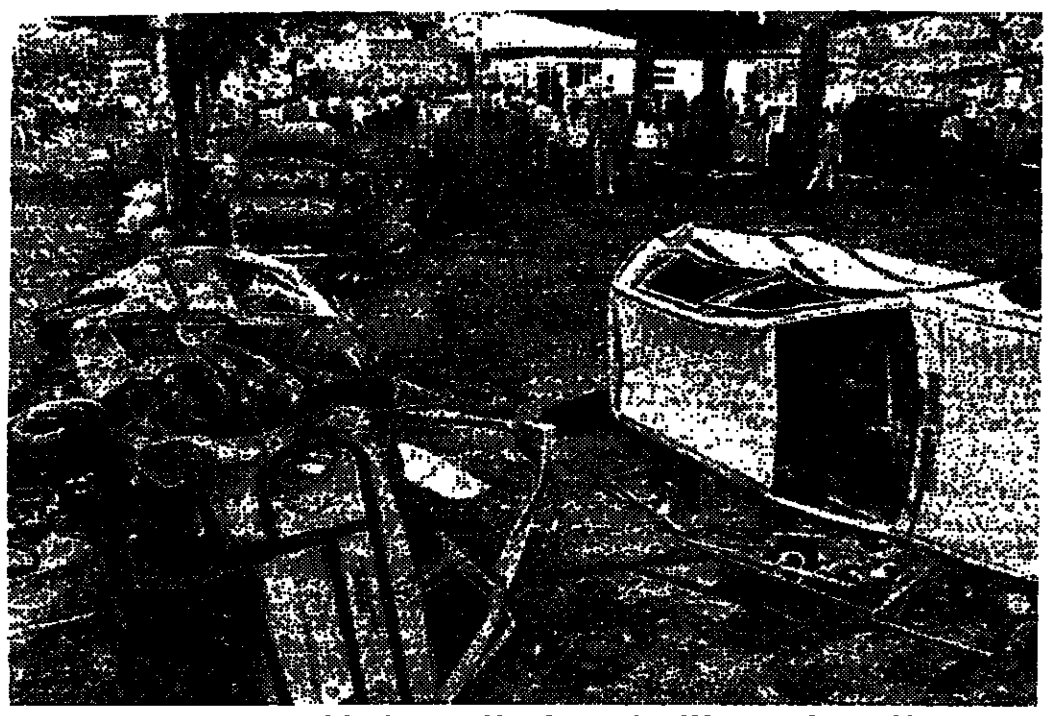
FINANCIAL TIMES

Weekend March 13/March 14 1993

Federal troops flown in after wave of bombings on commercial targets

Bombay blasts leave 200 dead

By Alexander Nicoll, Asia Editor



Damage: the commercial heart of the city was subjected to a series of blasts, mostly caused by car bombs

THE INDIAN government flew federal paramilitary troops in to Bombay last night after more than a dozen bombs exploded in the city, killing about 200 people and injuring more than a thousand.

The devices, mostly car bombs, appeared to be a systematic attack on India's commercial heart. All exploded within 90 minutes in the afternoon. Among the targets were the Bombay Stock Exchange, the landmark Air India building, a shopping complex, and two hotels near the airport.

The identity of the bombers was unknown, but the attacks were a severe setback to India's attempts to heal the wounds created by recent intercommunal violence, which has caused deep shock throughout India.

More than 2,000 people died in riots, including over 700 in Bombay, after the razing of a mosque at Ayodhya in northern India by Hindu zealots on December 6.

The bombs appeared designed to stir a renewal of communal strife and to undermine efforts by the government of Mr P.V. Narasimha Rao to open up the economy and attract foreign investment and tourism.

One of the targets was close to the headquarters of Shiv Sena, a Hindu nationalist party accused of fomenting violence during the riots, in which most victims were Moslems.

National and local state leaders appealed for calm in an attempt to prevent a renewed outbreak of violence. Mr Rao urged the nation to ignore rumours after the "inhuman and criminal bomb blasts".

Mr Sharad Pawar, the former federal defence minister just re-appointed chief minister of Maharashtra state, said all roads into Bombay had been blocked and the army put on alert. He said: "It is aimed at disrupting the economy and it appears a conscious effort because only Bombay seems to be the target."

Mr Shankarrao Chavan, the federal home (interior) minister,told parliament in New Delhi: "We suspect an international conspiracy."

The Indian High Commission in London said the attacks were "part of the externally supported terrorism which has targeted India for some time".

However, Indian officials stopped short of directly accusing Pakistan, the country's arch-enemy.

The bomb attacks were spread throughout the city and were clearly aimed at the city's better-off business people – in contrast to the riots in which victims were mainly poor.

At the 28-storey stock exchange building, about 3,000 people were on the second-storey trading floor when a bomb exploded in the underground car park, hurling shards of glass across the floor and into the street. Some victims were crushed in the stampede to escape. Outside, burned bodies lay among litter from shattered buildings.

Patten presses on without China deal

By Simon Holberton in Hong Kong

BRITAIN and China have failed to agree a basis for talks about Hong Kong's political future, Mr Chris Patten, the colony's governor, told the local legislature yesterday.

He ordered immediate publication of his democracy legislation.

Mr Patten told a packed Legislative Council (LegCo) that the UK and Hong Kong governments had done all they reasonably could to achieve agreement with China. But Beijing had refused to accept Hong Kong government officials as part of the British team and would not commit itself to a date for the start of talks.

China's reaction was swift. A senior Chinese government official said the governor's action meant Sino-British talks could not proceed. Mr Zheng Guoxiong, vice-director of Xinhua News Agency in Hong Kong, said Mr Patten had "deliberately ruined the foundation of talks".

The Hong Kong stock market reacted badly. The Hang Seng Index, which only earlier this week had risen to record levels, fell sharply in the last hour of trading. The index ended 201.44, or 3.16 per cent, lower at 6,170.40.

Mr Patten said he remained prepared ready to talk to China about arrangements for the colony's 1994-95 elections. He would not present the bill to LegCo on Wednesday, as would be normal, but would judge "in the light of subsequent developments" when best to do so.

The governor made it clear that China's conditions for talks were totally unacceptable. "I cannot myself see how [diminishing the standing of Hong Kong government officials] demonstrates sincerity or how it demonstrates a commitment to make a success of talks, a success that I would like to see."

He told BBC radio he was not prepared to "humiliate" Hong Kong by agreeing to China's demand that talks should be between Beijing and London without Hong Kong representatives. "What I'm not prepared to do is to confuse being accommodating and conciliatory on the one hand with having absolutely no principles on the other."

A British Foreign Office official said last night it was hard to escape the conclusion that China had engaged in an elaborate exercise of deception. From virtual agreement to talks on Thursday morning it tried to change the basis for talks on Thursday afternoon and yesterday morning.

Reaction within LegCo to Mr Patten's decision divided largely along party lines. Liberal politicians supported his stand while conservative legislators reacted with disappointment.

Mr Allen Lee, leader of the main conservative bloc in LegCo, said he could not envisage a situation where Britain and China confronted each other for the next four years.

Governor throws down the gauntlet, Page 9
Hong Kong shares drop, Page 21

Car park spying trial

Continued from Page 1

lance of directors, searches of offices and the infiltration of "moles" into the rival company.

The two defendants argued they thought the operation was inside the law and had not been intended to damage Europarks.

After their acquittals, Judge Richard Hawkins turned down applications from both men for their costs to be met from public funds. Lawyers for Mr Layton said: "The fact that the trial took place at all has shown the law relating to private security services to be in a very unsatisfactory state and in need of clarification."

NCP had remained confident of Mr Layton's innocence and he would now return to his work as chief executive, they said.

After the verdicts, the prosecution dropped charges against two others involved in the espionage operation – Mr Ian Crooke, a former SAS colonel and KAS manager, and Ms Jane Turpin, a former Army captain who had infiltrated Europarks for KAS.

Birt pay scheme row revived as BBC governors voice concern

By Andrew Jack, David Owen and Raymond Snoddy

PRESSURE increased yesterday on Mr John Birt, BBC director-general, and Mr Marmaduke Hussey, his chairman, over Mr Birt's tax affairs and his years as a freelance consultant at the corporation.

More BBC governors broke with tradition and spoke anonymously of their concerns about damage to the BBC's reputation and their anger that they had not been told of the unusual pay arrangement for Mr Birt agreed by Mr Hussey and his vice-chairman, Lord Barnett.

Nearly two weeks after the revelation that Mr Birt as deputy director-general had been hiring himself to the BBC through his private company, John Birt Productions, and thereby saving tax the row shows no sign of fading.

On Monday Mr Birt expressed regret and applied to join the staff, but the row revived on Tuesday with his refusal to name the secretarial assistant paid £15,000 by his company and the subsequent revelation that she was his wife Jane who also received a £14,000 fee as a director.

Lord Bonham-Carter, a former vice-chairman of the BBC governors, said last night: "I think John Birt's position is becoming increasingly difficult as one revelation follows another." He said the governors had "every reason to be extremely angry if they were not informed about the nature of this arrangement".

One senior governor said he was "concerned very deeply" that he had not been told about such a "non-standard arrangement".

The governors meet on Wednesday at a dinner in honour of Sir Michael Checkland, the retiring director-general. The dinner will be attended by Mr Birt.

The future of Mr Birt and Mr Hussey could be decided at Thursday's formal meeting of the governors.

Yesterday Labour MP Mr David Winnick called on Mr Birt to resign. "There is a growing feeling in political circles and I am sure within the BBC that the best course of action would be resignation," he said.

Some 64 MPs, including many members of the Labour front bench, this week signed a parliamentary early day motion severely critical of BBC management.

The Department of Trade and Industry has launched an investigation of company accounts prepared by Mr Michael Henshaw, the accountant employed by Mr Birt. The probe will cover a number of companies created by well-known individuals from the media who have been advised by Mr Henshaw. It follows revelations that the 1991 accounts of John Birt Productions failed to comply with a range of auditing and accounting requirements, such as not signing the auditor's report, which will prove embarrassing to Companies House, the official depository of corporate information.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Asko	700	+	15
DLW	485	+	16
Heidelb Zem	1059	+	34
Rheinelektra	1025	+	40
Falls			
Hochtief	1215	−	20
Verein-West	329	−	6
New York ($)			
Rises			
American Express	27⅝	+	¼
Falls			
Alcoa	69⅛	−	1¾
Caterpillar	57⅛	−	1½
Gen Electric	85⅞	−	1⅝
Goodyear	74⅜	−	1
Intl Paper	63⅝	−	1
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Orsan	135.6	+	12.6
Falls			
Bancaire Cie	451.9	−	12.6
Canal	1320	−	29
Cred Lyon (CI)	520	−	15
Paribas	416	−	11.1
Radiotechnique	282.2	−	12.8
Tokyo (Yen)			
Rises			
Hitachi	757	+	12
Ikeda Bussan	330	+	35
Okura	578	+	64
Osaka Elec	721	+	76
Tamura Elec	700	+	72
Falls			
Japan Airlines	563	−	28
London (Pence)			
Rises			
ADT	663	+	25
Cussins Property	58	+	12
Diploma	455	+	15
Gresham Telecmptg	98	+	6
Heywood Williams	239	+	53
Linx Printing	218	+	13
Norbain Elects	90	+	10
Owners Abroad	147	+	6
Penna	277	+	26
Pilkington	108	+	7
Sentry Farming	68	+	15
Smith (David S)	328	+	12
Falls			
Chiltern Radio	84	−	7
Colefax Fowler	48	−	5
Gestetner	130	−	7
HSBC	604	−	37
Hartstone	142	−	13
Huntingdon Intl	163	−	45
Inchcape	583	−	26
Norex	147	−	8
Proteus Intl	390	−	21
SmKl Beecham A	469½	−	21½
West Trust	48	−	5
Willis Corroon	199	−	9

World Weather

UK Today: Grey start for much of England and Wales but some sunshine during the day. Patchy rain will spread into western regions later in the evening. Northern Ireland and western Scotland becoming cloudy with rain.

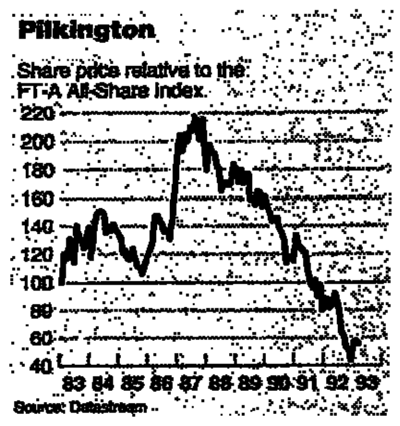
		°C	°F																				
				Cairo	S	17	63	Inverness	S	13	55	Milan	F	12	54	Salzburg	S	9	48				
Ajaccio	S	14	57	Cape Town	S	22	72	Isle of Man	R	8	46	Montreal †	S	-21	-6	S'Francisco †	C	12	54				
Algiers	F	18	64	Cardiff	C	9	48	Istanbul	F	9	48	Moscow	Sn	-9	16	Seoul	F	11	52				
Amsterdam	S	15	59	Chicago †	S	-11	12	Jersey	F	9	48	Munich	S	11	52	Singapore	T	24	75				
Athens	F	15	59	Cologne	S	15	59	Johannesburg	F	27	81	Nairobi	F	27	81	Stockholm	S	3	37				
Bahrain	S	27	81	Copenhagen	F	5	41	Las Palmas	S	20	68	Naples	F	15	59	Strasbourg	S	15	59				
Barcelona	F	13	55	Corfu	S	15	59	Leeds	S	11	52	Nassau		–	–	Sydney	F	22	72				
Beijing	S	12	54	Dallas †	R	4	39	Lisbon	R	13	55	Newcastle	S	11	52	Tangier	F	18	64				
Belfast	C	8	46	Dublin	F	13	55	Locarno	S	12	54	New Delhi	F	25	77	Tel Aviv	C	16	61				
Belgrade	F	10	50	Dubrovnik	S	14	57	London	S	15	59	New York †	S	-2	28	Tenerife	S	21	70				
Berlin	F	7	45	Edinburgh	F	11	52	Los Angeles †	F	13	55	Nice	F	14	57	Tokyo	R	3	37				
Bermuda	R	17	63	Faro	R	16	61	Luxembourg	S	11	52	Nicosia	F	15	59	Toronto †	S	-18	0				
Birmingham	R	9	48	Florence	F	13	55	Madeira	R	18	64	Oporto	F	16	61	Tunis	F	16	61				
Blackpool	F	11	52	Frankfurt	S	12	54	Madrid	F	11	52	Oslo	S	2	36	Valencia	F	14	57				
Bombay	S	31	88	Geneva	S	11	52	Majorca	F	16	61	Paris	S	14	57	Vancouver †	S	2	36				
Bordeaux	S	16	61	Gibraltar	C	15	59	Malaga	C	15	59	Perth	S	24	75	Venice	S	9	48				
Boulogne	S	16	61	Glasgow	C	11	52	Malta	F	13	55	Prague	S	5	41	Vienna	Fg	1	34				
Bristol	C	11	52	Guernsey	F	9	48	Manchester	C	11	52	Reykjavik	R	7	45	Warsaw	S	4	39				
Brussels	S	16	61	Helsinki	C	-7	19	Melbourne	S	18	64	Rhodes	S	14	57	Washington †	F	-2	28				
Budapest	C	4	39	Hong Kong	F	21	70	Mexico City		–	–	Rio de Janeiro		–	–	Wellington	R	15	59				
Buenos Aires		–	–	Innsbruck	S	11	52	Miami †	S	20	68	Rome	S	13	55	Zurich	F	10	50				

Temperatures at midday yesterday † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

THE LEX COLUMN

Red noses, red screens

FT-SE Index: 2915.9 (-37.5)



Yesterday's 37-point fall in the FT-SE 100 index injects a note of realism into UK equities. Unfolding events in Russia and Hong Kong, combined with a tumbling US equity market, provided the excuse. But the results season so far has been something of a mixed bag. Given the potential for upset in next week's Budget, and the continued flow of rights issues, good reasons for caution can be found closer to home.

There are some striking contrasts in the latest crop of company results. Figures from companies as diverse as BAT Industries, BTR, and GKN proved well up with the market's best expectations. Companies which cut costs and maintained investment through recession now have the operational gearing to deliver earnings growth.

There are notable exceptions. The £184m pre-tax loss and dividend cut announced by Rolls-Royce on Thursday was a reminder that sections of UK manufacturing are still fragile. Equally, Vickers and WPP are not last in the queue of companies hoping to repair damaged balance sheets with a rights issue.

Selective buying, then, may be the best strategy. The strength of the FT-SE 100 index relative to small and medium-sized companies suggests that the blanket buying of cyclical stocks seen this winter has come to an end. That is not before time. There is still an outside chance the chancellor will be tempted into an early tightening of fiscal policy on Tuesday. If that was seen to prejudice the chances of recovery, companies travelling hopefully for the last six months will look vulnerable indeed.

Pilkington

Pilkington looked rather silly three years ago when rival Saint Gobain swept up the Solaglass distribution business and strengthened its grip on the UK market. The acquisition of Heywood Williams' glass merchanting arm helps spare its blushes.

The deal gives Pilkington 24 per cent of the distribution market, delivering a firm customer base and the critical ability to increase the utilisation rates of its float lines. The move makes so much strategic sense that one wonders why Pilkington did not act before. After all, such vertical integration is common in most other European markets.

The main worry is the cost. Pilkington is doubtless right that it could not afford to pass up the opportunity. Nevertheless, £95m looks a lot for a business that made profits of just £2.7m last year. Although the purchase will enhance earnings and will ease Pilkington's ACT burden, it will also nudge year-end borrowings close to £1bn.

Yet events are beginning to swing Pilkington's way. The pound's devaluation has enabled it to recapture market share. Its 8 per cent price rise in the UK has a reasonable chance of sticking. The likely sale of its US Sola business in the early summer seems set to realise more than £200m. Even so, Pilkington will face a dilemma whether to maintain another uncovered dividend. The company must hope that its recovery prospects by then will be strong enough to render such worries obsolete. It is a tight call.

UK engineering

This week's clutch of engineering company results once more showed the corrosive effect of advance corporation tax on foolhardy companies which earn profits overseas. Given that the chancellor is strapped for cash, there is unlikely to be much help on Tuesday, despite the government's hollow rhetoric about overseas trade. Still, at least most of the companies seem to have learned one lesson from the last recession. They cut costs early and used real business levels, rather than Mr Lamont's claims on the economy, as a strategic guide.

Other defensive measures have been less well rewarded. International diversification has meant that companies which had to endure the long Anglo-Saxon recession will now have to follow on with a long continental European decline. While distorted, January and February's 23 per cent fall in continental car sales is a chilling indication of how bad things might get. And despite the strengthening US recovery, the UK car component manufacturers' greater exposure to Europe will mean another very tough year ahead. The flawed logic of balancing aerospace interests with motoring business has been exposed by the severe downturn in both areas. Rumblings from Boeing suggest that it will have to cut production once more.

The clearest victim of these problems is Lucas, which has yet to report. It is slap-bang in the target zone, has been persistently over-optimistic about trading and held back from cutting costs. Small wonder that it is proving tough to find a new chief executive.

Drinks sector

The near 10 per cent relative decline of the UK drinks sector this year reflects not only its fading defensive attraction. Alcohol is an obvious target for a chancellor wrestling with a PSBR of more than £40bn. Not surprisingly, the industry is busy inventing reasons why increased duties could be counter-productive. The tax take might suffer when domestic consumption of beer and spirits is dropping and personal imports from the continent are growing.

Where beer is concerned, these arguments look self-serving. Duty indexation would add less than 1p to the price of a pint. That is much less than the large price increases imposed a couple of years ago by brewers and which contributed heavily to the fall in demand. Slight over-indexation of duty would not now make matters significantly worse. Though personal imports account for nearly 10 per cent of the take-home trade, the share was 6 per cent before allowances were increased in January. The trend will be clearer by the November Budget.

The spirits case is stronger. The alcohol in spirits is taxed more heavily than in beer and wine, and markedly more than in cider. High UK duty undermines producers' ability to argue against duty increases in European export markets. But EC harmonisation is a long-term issue. There have been some sharp wholesale price increases in spirits this year. The stock market is probably right to assume that the chancellor will be letting those responsible off lightly if he opts for mere indexation.

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Weekend FT

SECTION II

Weekend March 13/March 14 1993

Carnival: a dance to the music of crime

*It's famous and it's fun, as **Christina Lamb** discovers when she dances the samba through the streets at dawn. But the reality is that Rio's showpiece festival hides a dark underside — crime*

THE illuminated clock tower of Rio Central railway station told me it was 4.15 am. I was balancing three plastic peacocks, each a metre high, on my head and a pair of sequin-encrusted plasterboard wings on my shoulders. My torso was contorted by a body stocking several sizes too small and my legs tottered on silver boots. I reflected that I had never really wanted to parade, clad like this, before 60,000 people. Especially at this hour.

With my centre of gravity somewhere behind my neck, an armpiece fell off if I moved my legs. If I waggled my arms, the head-dress started to slide. As if to accentuate my discomfort, a group of wayward birds started a jarring rendition of the dawn chorus. The dull thud of a hangover was pounding my temples and my smile was a grimace.

The author in her samba costume

I was about to compete in Rio's yearly carnival parade as one of the 4,500 dancers defending the reputation of the Mangueira samba school — and still I had not mastered the samba despite the valiant efforts of Carlinhos de Jesus, my fleet-footed teacher.

The shout went up. It was our turn. Fireworks exploded and drums thundered until the whole road shook and the air quivered with excitement and anticipation. Our feet pawed the ground like racehorses. Pushing us into lines, a man with a stick yelled "Move it! Open your mouth! Sing!". Then we were off, running suddenly into the glare of a thousand lights. All around in the stands, a blur of faces were waving pink and green flags - the school's colours — and cheering "Mangueira!"

The digital clock marking our progress moved slowly. We had 65 minutes to pass along the 540m avenue. For the first 10, I thought I would never make it. My throat rasped like sandpaper as, over and over, I croaked out the words of our song: "I'll devour this mango, even the core." Sweat poured down my face, glitter in my eyes. Suddenly, though, propelled by the energy surging from the crowd, my feet began skipping in an extraordinary way. I became part of an enormous magical opera, a wealth of feathers and glitter, of floats bearing giant golden elephants, painted zebras and fearsome warrior heads.

Carlinhos had said that samba moves people because its rhythm is like the beat of the heart — and he was right. It was addictive, I never wanted to stop.

The parade, which stretches from dusk to dawn on two nights, is the glittering centrepiece of carnival, the biggest, most lavish party on earth. A week-long jamboree, it involves hundreds of thousands of people and brings the whole of Brazil to a stop. But, unknown to the mesmerised tourists, the glamour and glitz hides the fact that it is funded largely by organised crime.

The sponsors of the party are the *bicheiros*, the men who run the *jogo do bicho*, or animals' game - an illegal gambling racket — and whose tentacles spread through the underworld of Rio. Maria Laura Cavalcante, an expert on carnival from Rio's Institute of Folklore, says: "Beneath the parade's beautiful face of light and art lurks a dark underside of crime, killing and urban violence."

It was not always so. Carnival has religious origins: the date marks the start of Lent and the name derives from the Italian *carne vale* (goodbye to meat). It began last century with European costume balls and parades for royalty, based on the Italian Commedia dell'Arte. At the same time, the African slaves on the sugar plantations in Brazil's north-east had their own, far humbler carnival when one man would dress up as king for the day. The two fused late in the 19th century after abolition of the trade and a searing drought in the north-east sent many former slaves to Rio. The pounding samba beat was the result of a suggestion by a Portuguese named Ze Pereira that all the members of his carnival club should play their drums at the same time.

Founded in the 1920s, the first samba schools were so-called because they used school grounds for their rehearsals. Today, there are 60 schools in Rio, mostly in the poorest areas after which they are named, and they have become the heart of their local communities. The 14 top clubs, or Premier League, compete annually in the main parade. This used to be in Avenida Rio Branco, the city's main commercial thoroughfare, but in 1984 it was transferred to the Sambadrome, a specially-constructed stadium designed by Oscar Niemeyer and consisting of a long cement corridor lined with rows of boxes and stands.

What really turned carnival from a somewhat ramshackle affair, with the poor scraping together their own costumes and floats, into the grandiose spectacle of today was the *bicheiros*. The *jogo do bicho* is as old as the republic, having been launched by a certain Baron Joao Batista Drummond to raise funds for his private zoo after the Portuguese empire ended in 1889. The lottery — in which different animals represent different numbers — was such a success that it was copied and multiplied, going underground when gambling was declared illegal in 1946.

Despite being illegal, there are gambling points visible on almost every street corner and around 300 *bicheiros* in Rio run a network of 1,200 lotteries employing some 40,000 people. It costs just Cr1,000 (3.5p) to bet and the game is so popular, particularly among Rio's 3m *favela* (slum) dwellers, that it moves millions of dollars each week. No one cracks down because the police receive kickbacks, the politicians often have their campaigns funded by the *bicheiros*, and the people can dream of winning fortunes.

Bicheiros have long contributed to samba schools to gain support in the poor communities where most of their clients (and much of the electorate) live, but their patronage has become more explicit since the 1970s. The turning point was 1975 when a *bicheiro* known as Anisio hired a top carnival designer, Joazinho Trinta, to produce a spectacular parade with huge papier-mâché animals, spinning roulette wheels and fabulous costumes for his school, Beija Flor. Since then, the *bicheiros* have thrown money at the schools in attempts to outdo each other. In 1984, they created the Premier League, in which only the Mangueira school is not run by them but by an elected president.

Samba schools each spend an average of more than $1m on the parade and some as much as $4m, up to 50 per cent of which is *bicheiro* money. Such large sums mean that the parade has, increasingly, become professionalised. Schools hire directors and keep dancers and singers on fat retainers, swapping and selling them like football stars. Watched live on television by 50m, the splendour of the costumes and floats has superseded the importance of energy and dance skills in judging each parade.

My school, First Station of Mangueira, is one of the oldest. It was founded in 1924 at Rio's first suburban railway station. In its fierce struggle to retain some independence, it has obtained some sponsorship from companies such as Shell. But the *bicheiros* are infiltrating; they have taken one directorship already and the jaws of the big-timers who do not yet control a school are snapping at the door. The last-but-one president was assassinated and rumour has it that drug money is rife.

This year, a series of misfortunes suggested that Mangueira could keep out the *bicheiros* no longer. Already-scarce funds were frozen last month when a judge ruled in

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The Long View / **Barry Riley**

Closing escape hatches

THIS IS a time for the vision thing. Alas, we are unlikely to get much of this scarce commodity in Norman Lamont's Budget statement next Tuesday, but it is important to turn aside from the narrow focus on occasional greenish shoots of recovery and instead take, to coin a phrase, the long view.

Serious errors of domestic economic policy have plagued us but the most important influence is exogenous. As the vast potential of China is being unleashed upon the global traded goods market, with 1 bn people willing to work for $1 an hour, and several hundred million more are entering the global economy in Eastern Europe.

It is not just a question of cheap Russian fish, which seems to be the latest point of friction: the point is that the market value of low-skilled labour in Britain is tumbling generally. There appears to be acceptance of this, albeit reluctant; in my district this week, bus drivers confronted with a pay cut of some 10 per cent did not even obey a one-day strike call.

For Lamont the serious budgetary consequences include a reducing tax take and rising benefit costs. These structural problems cannot be cured in the short term by any conceivable economic growth rate. So the government's responsibility is not to engineer some kind of economic miracle, but rather to establish a stable financial framework and to attempt to reconcile people to the real world. And while the labour market crisis is painful it *does* present important opportunities.

The immediate budgetary challenge is that the government will have to finance large deficits for several years ahead. There is a feeling that they might not be quite so large as pessimists have been fearing, and the public sector borrowing requirement to be posted for 1993-94 may be nearer £40bn than £50bn. The chancellor may have a tactical opportunity to please the markets. But in any event it will be a huge figure.

Luckily we are starting from the base of a relatively low debt burden of about 40 per cent of GDP and, although massive deficits could raise that to perhaps 60 per cent in about four years, the burden would be no more than in the early 1980s. But the cost of borrowing will prove increasingly important. Fortuitously, the global bull market in bonds has helped to drag the cost of issuing long-dated British government securities down from over 9 per cent to about 8¼ per cent. But the official central expectation of inflation, on the basis of the 1-to-4 per cent target range, is only 2¼ per cent.

Is the government *seriously* prepared to fund at a real rate of nearly 6 per cent? The big deficits of the 1970s were financed at a zero real rate. There is profound disbelief among professional investors: the inflation rate implied by the real interest rate on index-linked gilts is still 4.8 per cent. Norman Lamont cannot deliver an economic miracle next Tuesday, but he could attempt the humbler task of undermining these inflation assumptions.

How? Well, the reason for the City's cynicism, besides bitter past experience, is that the government is still clinging to inflationary escape hatches: the modest debt-financed recovery in consumer spending in January has been officially welcomed, and there are still dreams of a new wave of mortgage lending at cheap rates that might raise house prices and bail out busted borrowers and shaky lenders alike. The underlying reality, however, is a collapse in earnings growth that is cutting real incomes and is making a house price recovery impossible.

This should above all be a Budget for cutting interest rates, long as well as short. The obvious comparison is with Geoffrey Howe's notorious tax-raising 1981 Budget to which 365 Keynesian economists laid unavailing siege (some are still camped outside the gates). But there are big differences. Howe had to contend with a much higher inflation rate of 12½ per cent, but at the same time there was a balance of payments surplus so the country was able to borrow and consume its way out of recession. This time around we must invest and produce towards recovery.

These are technicalities, but short-term rates must go down in order to steepen the yield curve, especially between one and five years, and thus to increase the relative appeal of longer-term government paper. This in any case will need to happen if the so-called full funding rule is relaxed with the objective of financing part of the Budget deficit through the banking system. But sterling in these circumstances would be vulnerable, and in the past, most recently in 1988, uncontrolled credit surges triggered by low interest rates have proved highly inflationary.

This is the right moment, therefore, to tackle the short-termism of the housing market. Tax relief on mortgage interest should be withdrawn except in respect of loans on which the interest rate is fixed for at least five years. Efforts should also be initiated to redirect small business finance through new longer-term institutions rather than the banks, which no longer want most of this business anyway.

Such measures would alleviate fears of inflation because they would tend to reduce the growth of the broad money supply. Moreover the politically-sensitive interest rate paid by home owners would become linked to the long-term one rather than the short-term money market rate. Readers would demand that the sterling long bond yield should be listed on the FT's front page.

To keep mortgage rates low the government would need to follow prudent, non-inflationary policies. Signs of irresponsibility would send up rates and tend to produce weakness in the housing market, whereas at present imprudence is often associated with *lower* short-term rates and therefore with political popularity.

Just supposing you were a Downing Street visionary, even higher taxes could have their good side.

London Markets

Down behind the U-bend, horror lurks

By Peter Martin, Financial Editor

ON THURSDAY, disaster befell the London Stock Exchange's plans to overhaul its plumbing, and the plumber left abruptly, leaving a nasty-smelling mess behind.

The hoped-for new plumbing was the exchange's Taurus scheme to abolish share certificates and computerise the process of transferring them from seller to buyer. The plumber was Peter Rawlins, the exchange's chief executive, who resigned.

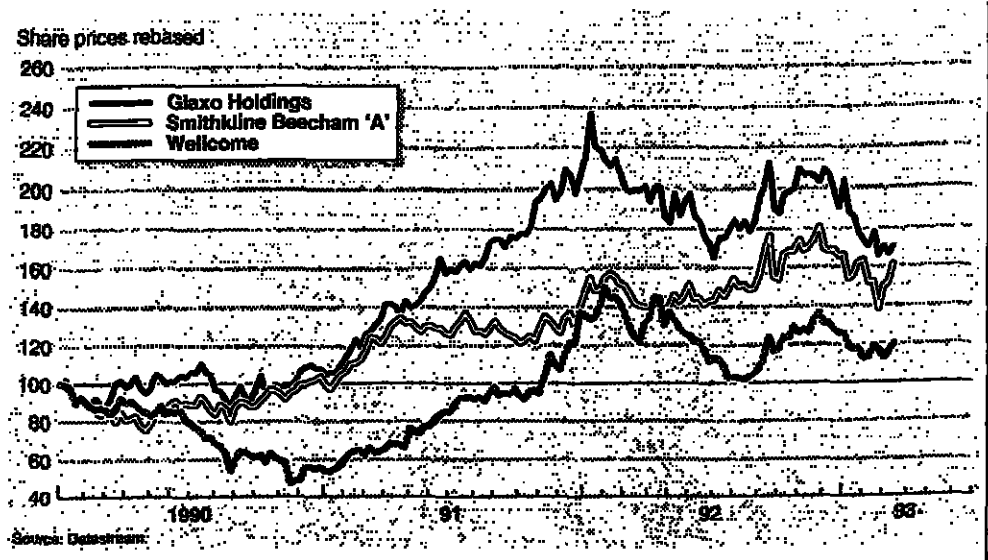
The dirty job of salvaging the situation will go to the Dyno-Rod team at the Bank of England, by now well used to peering into the City's dark corners in search of the unspeakable.

The City reacted to all this much as you might expect the *tenants of a ramshackle* building to respond to distant rumblings in the pipes. They complained that London was the laughing-stock of Europe, they blamed each other, they said "I *told you so*" – *and they didn't* let it make a blind bit of difference to everyday life.

The market learnt the first tidings of Taurus's imminent demise on Wednesday; that day the FT-SE 100 rose 6.8 points to 2,956.7, less than a point away from the record close set on Monday. On Thursday, when the cancellation became official, the index dropped only 3.3 points. Almost all that loss was attributable to a further slide in the shares of Glaxo, until recently the City's darling.

All glamour stocks get their come-uppance in time, and in principle there is nothing remarkable in Glaxo's fall from favour. In practice, though, there are two striking features. One is the sheer bulk that Glaxo has assumed in the UK's financial landscape. Last autumn, it was the second *most* valuable company in Europe, ranked by market capitalisation, and the most valuable purely UK company. (The top-ranked group was Royal Dutch/Shell, which is only 40 *per cent British.)*

Though Glaxo has now



slipped back behind British Telecom in market capitalisation terms, it is still worth around £20bn, making up 3.3 per cent of the FT-SE Actuaries 350, the stocks likely to be of interest to the typical institutional fund manager. When Glaxo sneezes, the market catches cold.

The second striking feature about Glaxo is that, for the bluest of blue chips, it is a rather idiosyncratic company. For the last 13 years, it has been dominated by Sir Paul Girolami, its chairman, who has dragged it from obscurity to its present status as one of the two darlings of the world drug industry. (Merck of the US is the other.) Sir Paul, now 67, has already showed one chief executive the door, and this week he did it again, ushering Ernest Mario firmly out.

Just as the management is dominated by one enormously powerful and talented individual, so the profits are dominated by one enormously successful product, the ulcer-drug Zantac. Both will soon be reaching the point at which their contribution to the company starts to taper off; investors are understandably nervous about the prospect.

Mario's departure pushed the shares down by 6 per cent in the immediate aftermath of the announcement. They recovered much of that during that day, and moved sideways on Friday, closing the week at 665, up 5p. Any uncertainties about Glaxo's management were offset by the thought that the company would now scarcely be likely to make a rights issue to finance a big acquisition, one of the market's recent fears. Still, management succession is an issue; the transition from a powerful *chairman* is never easy.

Look at BTR, another company associated in the public mind with a strong-minded and creative chairman. That man, *Sir Owen Green, stepped down* this week. The new chairman, Norman Ireland, is eminently qualified for the post, having just ended a successful spell as chairman of Bowater.

So far, so smooth. Seen from another point of view, however, the transition is an incomplete one. Ireland is 65 years old, and is best known for the years he spent at Owen Green's side, as one of the triumvirate who ran BTR in its years of fastest growth. His appointment raises the suspicion Sir Owen was not yet ready to hand over full power to a younger generation.

The stock market paid less attention to such thoughts, however, than to BTR's results, announced on the same day: an 18 per cent rise in profits to £1.09bn, and evidence that the acquisition of Hawker Siddeley in late 1991 had not affected the group's traditionally healthy trading margin. The shares ended the week at 610½p, up 26½p.

Other results were less reassuring. S.G. Warburg's running assessment of how company results compare with its analysts' expectations shows a surprisingly poor figure – a drop in pre-tax profits by 20 per cent compared with the previous year, twice as bad as had been expected. *For manufacturing* companies, where expectations had been rosier, the disparity was greater.

Investors appeared to be taking little notice of these figures, partly because – Barclays apart – there have been *no real individual horror* stories, and partly because much of the impact is ascribed to the switch to the new FRS3 accounting principles.

Also at work was a traditional pre-Budget rally: BZW's Richard Kersley calculates that over the past five years, the FT-SE 100 has risen some 3 per cent in the month before the Budget, then dropped back exactly that amount in the month that follows.

Still, on Friday the rumbling in the pipes grew louder: the drop in the Hong Kong stock market dragged down the FT-SE 100 though its impact on HSBC Holdings, the London holding company for Hongkong & Shanghai Banking Corporation. HSBC shares fell 5.7 per cent, ending the week at 604p, down 12p. The index dropped 37.5 points, closing at 2915.9, a fall of 6.2 on the week. Has anyone seen the plunger?

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992/93 High	1992/93 Low	
FT-SE 100 Index	2915.9	-6.2	2957.3	2281.0	Pre-Budget caution
FT-SE Mid 250 Index	3099.5	-8.4	3121.8	2157.8	Market focus on the blue chips
Amstrad	35½	+8½	44	19	New computer launch next week
Arjo Wiggins	171	-16	290	123½	30% fall in profits expected
BPB Inds	205	-15	238	123	Weak building materials
BTR	610½	+26½	614	381	Profits top £1bn
Eurocamp	251	-72	350	251	Trading warning
Fairey Group	609	+29	609	302	Favourable results
GEC	293½	-19	314	183	Profit-taking
Glynwed Intl.	269	-22	293	183	Adverse broker comment
Hanson	244½	-10¼	265½	184½	BZW downgrade
Heywood Williams	239	+43	388	128	Asset sales/maintains div
Low & Bonar	351	+20	351	218	Rights/acqn news well received
Queens Moat Houses	45	-6	92	26	NatWest negative
Willis Corroon	199	+12	274	144	Div cut discounted/US buying

Serious Money

Don't be rushed by the taxman

By Philip Coggan, Personal Finance Editor

IT IS easy to get hurried into making investment mistakes at the end of the tax year. The pressure of the April 5 deadline, the advertisements *in the papers* and the brochures in the mail, the feeling of guilt at having neglected their finances for the rest of the year: all conspire to persuade investors to unleash their chequebooks.

Two products are receiving most of the attention: the business expansion scheme and the personal equity plan. John Authers gives details of the latest BES offers on page IV. Some are exploiting the quirks of the system to offer high – and reasonably safe – returns over six months; such deals often sell out within days.

But it is far from true to say that *all* BES offers are good deals. The dangers of rushing into these investments are illustrated by Johnson Fry's difficulties over its University *College, London*, scheme which was part of two hastily-assembled offers at the end of the last tax year.

With personal equity plans, we cannot stress too often the danger that, in some cases, the charges may outweigh the tax benefits.

The short-term tax gain is, in fact, fairly small; even if a Pep *yields 5 per cent after charges*, then a basic rate taxpayer who invests £6,000 is saving just £75 a year in tax. In some cases, it may be better to buy the equities direct.

It is, of course, a good thing that investors are diversifying away from their dependence on the building societies. Investors should have a balanced portfolio of gilts, shares and cash. Furthermore, the evidence suggests that, over the long term, equities are the best investment.

But the key words in that *sentence are long term.* If you take out a Pep now, you are taking out a Pep with the UK stock market at an all-time high. You must be prepared for the possibility that your investment might fall in value in the short term.

Often, it is only when shares have been hitting new highs that investors start to feel they might be missing out and pile into the market. Persuading investors to buy at the bottom is far more difficult.

Back in November 1991, *when the yield on the market* was above 5 per cent, I wrote a column urging investors to put money into the UK stock market.

Figures from M&G then showed *that there had been 30* years between 1919 and 1989 when the yield on the All-Share was more than 5 per cent at year end.

In every single case, investors in shares earned a positive real (after inflation) return over the following five years; the average real return was 14 per cent per annum.

On the day the column appeared, the All-Share stood at 1182.51; it is now 1437.25, a rise of 21.5 per cent. And investors will have enjoyed income of 5 per cent or so on top.

Of course, for every journalist's prediction which is correct, there is another that is wildly wrong. But the figures do show the benefits of buying near the bottom of the market.

By contrast, the same M&G analysis shows that there were 12 years when the market ended the year yielding under 4 per cent. *Following* 10 of those 12 years, investors suffered a negative real return on equities over the following five year period. The All-Share is yielding just over 4 per cent at the moment.

This is not to say that investors should avoid equities, or Peps, altogether. There is a good case for arguing that the budget deficit will eventually force the government to raise taxes; and that will make the tax concessions involved in a Pep more attractive. But it could mean that a savings scheme approach, which smooths out the peaks and troughs of the market, might be far more sensible.

The end of tax year rush tends to make investors forget about savings schemes because they want to get the full £6,000 allowance into the market. There is, however, a nice compromise: *the phased approach* (offered by Fidelity, Henderson and Mercury, for example). This involves giving the management group £6,000 up-front before April 5; it then drip-feeds the sum into the market over the following year.

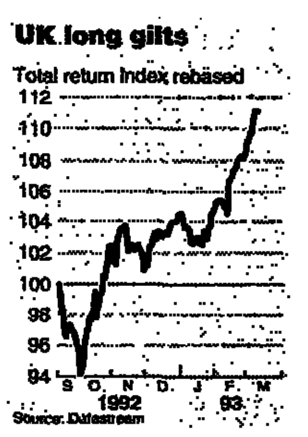
Alternatively, you could just wait for the stock market to retreat from its euphoria. The old saying is "Sell in May and go away"; shares often decline in the summer months and you could well find the market looks more attractive in, say, August. If you miss this year's Pep deadline, it is not the end of the world.

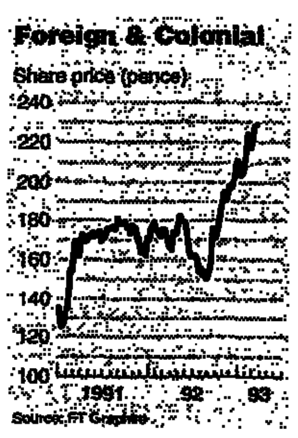
Furthermore, those who are buying Peps *for income should* concentrate on whether the dividend payments will be maintained or increased. Provided they can be, and the present yield is better than building society interest, they can try to ignore the capital element.

Of course, investors should be wary of plans which turn *capital into income (see the* article on income shares on page III). But if investors are getting a high income, they should be prepared for very little growth in their capital.

Above all else, investors must be patient. Some of those who bought Peps early in 1987 are breaking even only after 5¼ years. Others may already have sold out in disgust. Come 1995, you might wonder why you bought that Pep early in 1993; but by the year 2000, the reason should be crystal clear.

AT A GLANCE





Gilt-edged Wednesday for investors

Black Wednesday looks as though it should be re-christened White Wednesday as far as the long-dated gilts market is concerned. Initial reaction to the UK's departure from the European exchange rate mechanism stoked fears of higher inflation in future, and long-dated gilt prices fell. But once base interest rates began to fall, the market took off. As the graph shows, anyone with the courage to buy gilts at their lowest point should be sitting on a rise, once income is included, of 17 per cent in less than six months.

F&C stays on path

Foreign & Colonial, the UK's largest investment trust, increased its net assets by 22.1 per cent in 1992, a performance better than both the FT-A All-Share Index and the average investment trust. The final dividend was increased by 5.2 per cent to 2.23p, the 22nd consecutive annual increase. The trust, which is celebrating its 125th anniversary, now has over 58,000 shareholders; private investors now own 39 per cent.

Council tax: know your rights

The Department of the Environment expects more than 1m people to appeal against the level of their council tax bill when it comes into force on April 1. If you are one of these, you may welcome a booklet published by Council Tax Services, which is a guide to the appeal procedure. It gives advice on how to prepare an appeal and details of the relevant law.

Seven Points Publications has prepared a questionnaire for those who suspect they are in the wrong valuation band or want to know if they are eligible for relief. It will use the results to assess whether you have grounds for a case and what action you could take.

Cutting your Council Tax – A Guide to Appeals, Council Tax Legal Services, PO Box 2764, London E9 7EJ, £5.50 + 75p p&p.
Council Tax Made Easy, Seven Points Publications, PO Box 119, Chichester PO18 9LY, £12.50.

Britannia mortgage offer

Britannia is offering first-time buyers an eye-catching 3.99 per cent mortgage (8.1 APR). However the new rate, available from Monday, is fixed for only six months before reverting to the standard variable rate, currently 7.99 per cent.

Alternatively, potential buyers can opt for 5.99 per cent (8.3 APR) *fixed for the first year.* To qualify for these rates potential buyers have to put down a 10 per cent deposit. Higher rates are available for those who can only put down 5 per cent. The rates apply to all types of mortgage but two insurance related products must be taken out from the society.

How to cope with debt

A new book on coping with debt has been produced by the Child Poverty Action Group. It has chapters on obtaining debt advice, negotiating with creditors, dealing with bailiffs, bankruptcy and court procedures. *Debt Advice Handbook, Mike Wolfe and Jill Ivison, CPAG Ltd, 1-5 Bath Street, London EC1V 9PY, £7.95*

Smaller companies on the rise

In a week when the FT-SE 100 Index reached more all-time highs, small company shares joined in the fun. The Hoare Govett Smaller Companies Index (capital gains version) rose 1.2 per cent from 1366.23 to 1382.97 over the week to March 11; the County Smaller Companies Index rose 1 per cent from 1080.21 to 1090.85 over the six days to March 10.

Wall Street

Inflation threat undermines the euphoria

THE THREAT of inflation again alarmed Wall Street this week, sending stock and bond investors scurrying for cover just two days after they had lifted prices on both markets to record highs. The *news that prompted yesterday's* heavy selling (in the first 30 minutes of trading, the Dow Jones Industrial Average tumbled more than 50 points and bond prices dropped sharply, sending the yield on the benchmark 30-year bond back up past 6.8 per cent) was the 0.4 per cent increase in the February producer price index, a closely-watched inflation *indicator.*

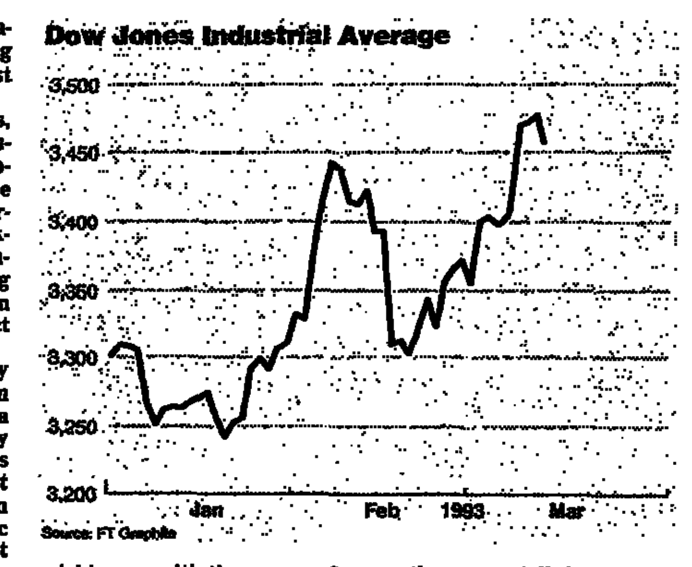
Although analysts were expecting a smaller increase in the PPI, the number itself was not especially shocking, coming in no more than one-tenth of a percentage point higher than the median of forecasts. So why was there such a dramatic reaction from financial markets?

Essentially, the PPI number was, as they say on Wall Street, "a wake-up call." Over the past year, both stock and bond investors, particularly the latter, have grown complacent about the threat of inflation, which has been running at an annual rate this past year of about 3.3 per cent.

More important to investors, the inflation outlook has consistently been bright. Economic growth might have *picked up in the past few quarters* but it has been remarkably uninflationary, and economists – who are forecasting growth this year of between 3.0 and 3.5 per cent – expect it to remain that way.

The reason is that they expect improvements in growth to remain primarily a function of rising productivity which, over the past year, has *helped to keep unit labour cost* inflation extremely low. If, in spite of accelerating economic growth, the labour market remains depressed for the foreseeable future, then the markets need not worry too much about wage inflation.

Yet, what about that extraordinary February employment report of just over a week ago, when a wholly unexpected surge in non-farm payrolls spread temporary panic in the bond markets? Was that not proof that the jobs market was, finally,



catching up with the recovery?

Not necessarily, if the most recent weekly jobs data are to be believed. Thursday's report, showing a big rise in the number of people claiming state unemployment insurance during the final week of last month, contradicted directly the February employment figures.

However, not everyone was convinced by the news. There are those on Wall Street who follow the weekly jobless claims numbers – which, they believe, are both more accurate and more up-to-date – while others prefer to concentrate on the monthly employment report, a supposedly less exact measure but one that is less prone to volatility and a better measure of longer-term trends.

Making sense of the conflicting economic evidence is not easy. The most sensible response to the recent numbers would be to conclude that economic growth will maintain a steady, if unspectacular, pace this year; that jobs growth will remain sluggish; *and that inflation, while still* weak by historical standards, will soon assume an upward trend.

Making sense of the stock and bond markets is another matter. Both look distinctly overbought, which is probably why investors panicked slightly yesterday when the inflation data proved worse than expected.

Equities still look expensive – the Standard & Poor's 500 is trading at 23 times earnings – and bonds have been supported as much by short-term technical *factors (investors* switching out of mortgage-backed securities because of prepayment fears, and continued speculation that the Treasury will slash the size of *future long bond* issues) as they have been by the economic fundamentals. This means prices are vulnerable to sudden reverses.

On the positive side, money continues to flood in from investors seeking better *returns than from low-yielding* certificates of deposit and money market funds. This should provide a bedrock of support for share prices, and please the mutual fund managers and stockbrokers.

Among the latter, Charles Schwab revealed this week that it executed a record number of trades for customers during February, an illustration of how much individual investors still like stocks.

This must have cheered Sanford Weill, who yesterday concluded a $1bn deal that will merge the Smith Barney broking subsidiary of his Primerica group with the Shearson brokerage unit of American Express.

The new creation will rival *Merrill Lynch as a powerhouse* in retail broking – an extremely profitable business to be in these days.

Patrick Harverson

Monday	3469.42	+ 64.84
Tuesday	3472.12	+ 2.7
Wednesday	3478.34	+ 6.22
Thursday	3457.0	– 21.34

The Bottom Line

The components of recovery

IF YOU go by headline figures alone, it was a good week for three UK makers of motor components. GKN, biggest of the three with annual sales of £2.53bn, increased pre-tax profits by 77 per cent to £121.8m. T&N gained 56 per cent to £63m; BBA, 53 per cent to £47.4m.

They all had a familiar theme: stringent cost-cutting had enabled more profit to be made out of sluggish sales. With the majority of their turnover being overseas, they had some insulation against the prolonged UK recession.

It must be said that profits were recovering from a low base. With the new FRS3 accounting rules bringing past *rationalisation costs above the* line, GKN's 1991 pre-tax profit was reduced to a third of 1989's £206m peak.

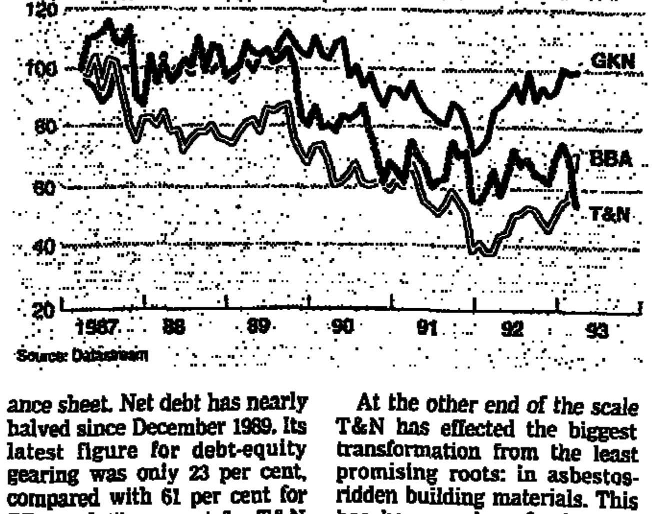
More ominously, none of them bounced back far enough to cover their dividend payments, which exceeded earnings per share for the second year running. GKN's earnings were not far off its 20.5p payout, but *T&N managed* to cover only 55 per cent of its 10.85p dividend.

All three have made little change to the payments in three years, inspiring relief among investors, who may have feared cuts, and consternation among observers who believe too much has been distributed.

It would be wrong, however, to over-stress the comparability of the three stocks and, as the chart shows, the market has treated them very differently over the past six years.

GKN is the only one to have recovered the ground lost when cyclical stocks were out of favour. Before the UK recession hit, its core businesses were settled, particularly driveline components and pallet hire. "It had stopped mucking about," said one analyst, whereas both T&N and BBA had incomplete hands and kept acquiring.

A related strength has been the much-admired GKN balance sheet. Net debt has nearly halved since December 1989. Its latest figure for debt-equity gearing was only 23 per cent, compared with 61 per cent for BBA and 45 per cent for T&N – *rising to 60 later this year* when a German acquisition is brought in.



At the other end of the scale T&N has effected the biggest transformation from the least promising roots: in asbestos-ridden building materials. This has, however, been funded by a *string of rights issues.* The sheer weight of *shares* coupled with weak earnings has hit the price. Its 1987 issue – post the AE acquisition – was priced at 205p; its *1991 issue* – post JPI in the US – was only 140p.

BBA comes in between. It has settled down since its 1991 rights issue, which eased the balance sheet after 14 deals in less than three years. Indeed it has made a virtue of being more of an industrial holding company than an auto engineer, playing down its dependence on any one market. *With* 35 per cent of sales derived from north America, it is the best placed to benefit from the recovery under way there.

Although only BBA's share price made progress this week, all three stocks are trading near their 12-month highs. There is one big question that affects their prospects: how far will the continental European car market fall this year?

Forecasts from the car makers make sobering reading. Louis Hughes, president of GM Europe, recently said new car sales in western Europe were expected to fall from 13.4m to 12.3m this year, with Germany, Italy, France and Spain all in retreat. GKN is thought to have the most exposure to the continent – although T&N is making a German acquisition just as that market dips.

Sir David Lees, GKN's chairman and chief executive, said this week that any financial progress this year would again depend mainly *on the group's* ability to cut costs and improve productivity. That means more job losses – a pattern echoed elsewhere.

If doubts creep in about the prospects for earnings growth, worries will also recur about dividends.

Those who have trusted the dogged determination to maintain, characterised by *Colin* Hope at T&N, have been rewarded in terms of yield. It is, however, rather a shame that companies with a high investment and R&D requirement should have to keep investors sweet in this way.

Jane Fuller

FINANCE AND THE FAMILY

Income shares: expect the unexpected

***Philip Coggan** on a complex — and sometimes risky — investment*

INCOME SHARES appear to be all the rage at the moment. In the recent launch of its Split fund, Schroder received so much demand for the shares that it was forced to increase the size of the trust and buy large chunks of the other classes of share itself.

The popularity of income shares is largely due to falling interest rates. With returns from building societies more than halved over the last two and a half years, investors are on the lookout for any product which can offer an above-average rate.

Holding the shares tax-free within a personal equity plan (the Schroder shares yield 8 per cent after charges) puts the icing on the cake. But income shares can be complex instruments and investors need to consider the risks carefully before buying.

Income shares receive all the dividend income of a particular investment trust. Because they constitute only part of the capital of the trust, the yield on each share can be much higher than on a conventional trust share.

There is a catch. In return for taking first claim on the trust's income, holders allow other classes of share (usually zero dividend shares) to have prior claim on a trust's capital.

Thus the danger for a private investor is to concentrate purely on the current yield offered by an income share. Very often the shares will have a set repayment value — which will often be less than the current price, and in some cases, such as Contra-Cyclical, will be virtually zero.

What normally happens is that, in the early years of the trust, investors are attracted by the running yield and push up the price; as the date becomes due for the trust to be wound up, the share price falls rapidly towards its repayment price. Those who buy such shares at the wrong time will lock themselves into a capital loss.

This can also be true with the so-called "hybrid" shares, which sometimes go under the innocent-sounding name of "ordinary income" shares. The repayment value of such shares is not set, but dependent on what is left after repaying the other classes of capital.

The value of hybrid shares can thus be highly volatile and dependent on the manager's success in growing the assets of the trust.

There may well be investors who want securities which pay a high rate of income but which run down capital — income shares could be an alternative to an annuity, for example.

Such shares might also be useful for creating capital losses to offset against gains elsewhere in the portfolio for CGT purposes. Remember, however, that you cannot do this with income shares held in a Pep, which is outside the CGT system.

But there may be many people who buy these shares without realising what kind of investment they are getting. A reader wrote to the *Weekend FT* last year, complaining that his income shares in Fleming Income & Capital had declined from £6,000 to £4,000 by the time he received his first Pep statement. "I may never see my £6,000 again," he lamented.

In fact, by the time his letter arrived, his shares had rebounded so he was back in profit. That is the kind of bumpy ride which hybrid income shares can provide — and not all investors will enjoy it.

As we reported in January, Fleming and Kleinwort Benson wrote to investors in their split capital trusts to warn them of the dangers involved in reinvesting the income on high income shares.

Income shares were unpopular for a while in 1992 as investors worried that UK companies were cutting dividends sharply as a result of the recession. The fear was that many income shares would be unable to maintain their dividends. But the period since Black Wednesday has seen a revival.

"As a sector, they have had a pretty good run as people have switched due to falling interest rates elsewhere. It is becoming a fairly fully valued sector. One has to search to find reasonable value," says John Korwin-Szymanowski, investment trust analyst at S G Warburg Securities

We asked Korwin-Szymanowski to recommend a few income shares that offered the best returns. The table below shows four shares, with their current price, the years before they will be wound up, the flat yield (the current income divided by the share price) and the gross redemption yield, assuming either no growth in the trust's income and assets or 5 per cent per annum growth.

All this illustrates how complicated the calculations for the investor can be. Take the M&G Dual shares, which stand at 350p. The running income on the shares is a whopping 26.3 per cent. But when the trust is wound up in under four years time, the shares will be repaid at just 100p. So those who buy £3,500 worth of shares now will get back £1,000.

If you allow for this, the gross redemption yield (assuming dividends stay static) is 12.7 per cent. But because most of this return in the form of income, the net redemption yield after basic rate tax is just 2.9 per cent per annum. Even if one assumes dividend growth of 5 per cent per annum, the net yield is just 6.6 per cent.

So this share, Korwin-Szymanowski points out, is only really suitable for non-taxpayers. Other shares, which have lower flat yields, have more attractive net redemption yields. One of his tips, General Consolidated, has already cut its dividend but Szymanowski thinks the worst is over and the shares are only marginally above the repayment value. So while the running yield is lower than on M&G Dual, the net redemption yield is higher.

Shares in Tor participate in some of the trust's capital growth, so the redemption yield increases sharply on optimistic assumptions about the stock market.

Because so much of the return is in the form of income, top rate taxpayers should only consider income shares inside a Pep (and even then beware of the capital losses). Once they have used up their Pep allowance, they will normally be better off looking for capital gain than seeking extra income. Few investors use up their annual CGT allowance (£5,800 in 1992-93).

Income shares can have their attractions. But it is not a good idea simply to look in the papers for the stock with the highest yield. The expert advice of a stockbroker is essential.

S G WARBURG's PICKS

Trust	Years left	Price	Flat yield*(%)		GRY at 0%		Repayment at 0%	GRY at 5%		Repayment at 5%
General Cons	4.8	110p	10.25	(7.7)	9.3	(6.4)	100p	10.4	(7.4)	100p
M&G Dual	3.8	350p	26.30	(19.7)	12.7	(2.9)	100p	15.7	(6.6)	100p
St David's	5.7	133p	14.50	(10.9)	10.8	(6.4)	90p	13.8	(8.7)	90p
Tor	8.4	368p	14.50	(10.9)	11.3	(6.0)	158p	16.6	(10.8)	210p

* Net figures (after basic rate tax) in brackets

Few mourn the death of Taurus

***Richard Waters** surveys the ruin*

"THE MONSTER is dead. Private investors should just breathe a big sigh of relief." That was the reaction of David Jones, chief executive of discount broker Sharelink, to this week's decision to pull the plug on the Taurus computer. As the London Stock Exchange's plans for a paperless settlement system were declared dead, it was a sentiment echoed in many quarters.

Taurus was never popular with the brokers who deal with individual investors — or with the investors themselves. The plan to do away with share certificates and stock transfer forms, replacing them with a computerised system for share ownership and transfer, aroused deep antipathy among many investors. It was difficult to see what benefits the changes would bring, and brokers hinted darkly that it would lead to higher costs.

The demise of the system (it proved too complex to build) does not mean that nothing will change. The Bank of England has now picked up the baton and is bent on forcing through quick changes to the settlement arrangements. In fact, things could now move much faster than they would have if Taurus had been kept alive. No decisions have yet been taken, but a number of things are clear.

First, the interest of private investors will be given much higher priority than they were last time around. Bank of England officials said this week that some interest groups could suffer in the search for a swift solution to London's settlement traumas — but it was a high priority to ensure that private investors were not disadvantaged. That is an important political priority after the Taurus fiasco.

Second, whatever developments replace Taurus, private investors are likely to be treated differently from institutions, since their demands differ. Institutions want to move quickly to a simplified version of Taurus, involving a computerised system. Private investors are likely to be left alone while this objective is pursued.

Third, most brokers have moved on since development of the Taurus system began seriously in the mid-1980s. Most have given more management attention to their back offices and automated more of their activities. Stephen Cooke, of stockbroker Gerrard Vivian Gray, says: "A firm like ours has halved its settlement costs since 1987." That has made settlement more efficient and brought down the cost.

One aspect of this development has been the effort made by many brokers to put private client's shares into their nominee companies. Some broking services, such as Barclayshare and the Share Centre, operate exclusively on a nominee basis. Also, most personal equity plans are managed through nominees.

Nominee accounts are more efficient to manage than individual shareholdings: brokers control the share certificates, and make transfers on behalf of their clients. The arrangement effectively replicates many of the functions of Taurus.

Of course, many investors do not want to use nominees. Most brokers charge a fee for them. Also, being in a nominee account makes it impossible to claim rights as a shareholder, for instance to receive a company's annual report and attend its annual general meeting.

If nominees are the way of the future after Taurus, then the Bank of England should give careful attention to how they can be made to operate more effectively for private shareholders.

FINANCE AND THE FAMILY

Budget squeeze on BES?

*Speculation centres on non-recourse and university schemes, says **John Authers***

COMETH the Budget, cometh the BES speculation. Last year's announcement that the business expansion scheme would be axed at the end of 1993 might have put an end to the whispers which are always used to justify a rushed BES investment on the eve of a Budget. But the whispers will continue, and speculation centres on two areas: non-recourse loans and university schemes.

Non-recourse loans allow the investor to exit from the BES company after only six months – not the five years intended originally. The Inland Revenue could make them harder to operate by deeming a non-recourse loan to be an effective disposal of the BES shares. This would sacrifice the tax relief.

Gordon Brown, Labour's shadow chancellor, attacked non-recourse schemes this week, pointing out the huge benefits they provide to top-rate taxpayers for low risk. This intensified speculation that they will be axed, as even BES advisers concede that the schemes are "pure arbitrage."

The Revenue itself is the source for the speculation surrounding university schemes, having refused provisionally to allow tax relief for some companies sponsored by Johnson Fry which bought accommodation for University College, London. It has forced companies which have a contracted exit after five years to spend the cash they raise as quickly as possible. Sub-letting to foreign students or summer conferences will now be more difficult, as universities must show that there is some financial benefit to the student. Universities must also take care to show that the accommodation bought by the BES company really is vacant.

What is likely to happen? The Revenue's dislike of university schemes – particularly those where accommodation owned already by the university is sold to the BES company, and no extra housing is built – is plain, but it might already have been manifested in its clampdown.

Meanwhile, non-recourse *loans* were allowed only after careful consideration. The schemes as they operate are almost offensively generous to top-rate taxpayers while excluding basic rate-payers, and the subsidy for repossessed housing is sent by an absurdly circuitous route.

But abolishing them now would – in the words of David Toplas, of Terrace Hill Capital – "deny the building societies a source of funding literally weeks after it was first made available to them."

A more cynical, but probably correct, view comes from Ian Pugh, of the Allenbridge Group: "Politically, it still looks dreadful, but it is a discreet form of government subsidy to banks and building societies. *That's the effect of it.*"

For all these reasons, a headlong dive to invest in the BES before the Budget, if the scheme would not otherwise make sense to you, seems ill-advised.

More schemes came on to the market this week and supply is now at an unprecedented level. Competition has pushed up the rates on offer. According to Pugh, £509m has been raised by non-recourse loan schemes to date, with another £134m available for investment.

The following list, provided by Allenbridge, *shows all the companies now on* offer which allow either non-recourse loans after six months, or a contracted exit after five years, or both. Figures given are per £1 initially invested.

- **Accumulus III** (76p after six months, £1.06 after five years).
- **A Priori** (74p after six months, 78.31p after one year, 87.71p after two, 98.24p after three. No five-year guarantee).
- **Barratt Fixed Growth** (115p after five years).
- **BESSA Bristol and West** (73p after *six months*, 105p after five years).
- **BNP Flexible** (75p loan and 115p).
- **Cavendish Gleeson** (75p loan and 105p).
- **Cavendish Growth** (115p).
- **Govett IV** (115p).
- **Homes for Littlehampton** (117p).
- **House The Homeless** (115p).
- **Image II** (115p).
- **Lancaster University** (74p loan and 108p).
- **Leeds Flexible** (same as A Priori).
- **Oriel Residences** (*77p loan and 105p*).
- **N&P Multiple** (same as A Priori).
- **Portman Multiple** (same as A Priori).
- **Prowting Flexible** (74p loan and 106.4p).
- **Residences at Bristol** (75p loan and 105p).
- **Uncapped Growth** (125p).
- **4th University Cash-Backed** (78.5p loan and 110p).
- **WISH II** (120p).
- **Yorkshire Flexible** (75p after six months, 79.37p after one year, 88.88p after two, and *99.54p after three years*).

For up-to-date information, contact BES intermediaries such as the Allenbridge Group (071 409 1111) and BESt Investment (071 936 2037).

The Week Ahead

UNITED Biscuits' full-year results on Thursday will be scarred heavily by the profits collapse at Keebler, its US subsidiary, and a consequent restructuring charge. With Keebler's margins still under pressure, analysts forecast group pre-tax profits of about £160m, down from £211.3m last time.

The McVitie's division is thought to have benefited from a stronger year-end, as well as from contributions from European acquisitions. A small improvement is forecast for the Ross Young's frozen foods business, though KP Foods' results fell back slightly.

Annual profits from English China Clays, due on Monday, will reflect the problems of the paper industry, its major customer. Paper-makers have been trying to share their pain with suppliers, while ECC is also suffering competition from the US. Analysts are looking for a fall in profits from 1991's £115.4m pre-tax to £85m-95m.

However, under the new FRS 3 accounting standards, the numbers should look better, with a rise to around £100m from £79.3m.

The end of the UK-quoted banks' reporting round comes on Monday with results from **HSBC Holdings**. HSBC, which acquired Midland bank last summer, is expected to announced pre-tax profits of between £1.6bn and £1.8bn for 1992.

Guinness, on Thursday, is expected to report a 17 per cent decline in 1992 pre-tax profits to £795m. An exceptional charge of £125m for the re-organisation of the group's whisky operations and Spanish *brewing business accounts for* most of the shortfall on 1991's £956m.

Arjo Wiggins Appleton, the paper-maker, is likely to report on Thursday a drop in pre-tax profits of around one-third to £160m. It is suffering from the slowdown in the continental economies and excess capacity.

Laporte, the UK chemicals group, reports its full-year results on Monday. During the takeover of Evode earlier this year, the company predicted that its pre-tax profits would fall from £97.2m to £86m.

Analysts expect the full-year dividend to rise from 18.9p a share to between 19.3p and 19.7p. Analysts will be more interested in the group's forecasts for the remainder of the year: more than a third of Laporte's sales are in north America.

Rentokil, the pest control, plant hire and environmental services group, is expected to report on Thursday another big jump in pre-tax profits for 1992. *Analysts are expecting* about £155m-£122m (£94.6m) and a full-year dividend of 2p-2.5p (1.7p) is forecast.

George Wimpey, the house-builder, is heading for a full-year loss om Tuesday of around £70m before exceptional charges of £20m. Some recovery is expected this year.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Brabant	55	44	39	9.14	Aberdeen Pet.
Buckingham	2¾*	5½	4½	3.31	Purlieus
Clifford Foods	573*	578	523	12.81	Unigate
Do. A.	251*	256	219	35.99	Unigate
Drayton Asia	116	117	113	116.58	EFM Dragon
Evode ‡	141	138	106	102.57	Laporte
Do. Prf. ‡	121	121	101	49.2	Laporte
Hawthorn Leslie	1½	1¼	2½	2.85	Vodafone
Hunter Saphir ‡	42*	43	36†	10.37	Albert Fisher
Owners Abroad	150	146	109	223.50	Airtours
Do. Cnv. Prf.	103	245	179	53.6	Airtours
Plaxton Int'l	26	32	20	2.77	Wills
Wheway	9½	9	7½	13.28	McLeod Russel

*All cash offer. ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 12/3/93. §§Shares and cash. †Price at suspension.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Abbott Mead Vickers	Med	Monday	2.8	5.8	3.0
Alliance Trust	InTr	Monday	14.0	29.0	14.0
Anglia Television Group	Med	Friday	2.66	6.4	2.66
Antofagasta Hldgs	Mine	Monday	6.0	13.0	6.0
Arjo Wiggins Appleton	PP&P	Thursday	3.3	5.05	2.65
Automated Security (Holdings)	BsSr	Thursday	2.07	2.83	2.25
Avonside Group	C&C	Wednesday	-	-	1.8
BSG International	Mtrs	Tuesday	0.7	2.5	0.7
Baynes (Charles)	*Otln*	*Thursday*	*0.5*	*0.85*	*0.525*
Bennet & Fountain	Elec	Friday	-	-	-
Bowthorpe	Elec	Wednesday	1.7	4.34	1.79
BPP Holdings	BsSr	Monday	2.4	4.5	2.7
Britannic Assurance	InLf	Friday	9.2	20.3	10.3
British-Borneo Petroleum	O&G	Thursday	2.667	4.433	2.667
Cattles Holdings	OtFi	Thursday	0.5	2.3	1.6
Celestion Industries	Text	Wednesday	-	1.2	-
Chieftain Group	BdMa	Wednesday	1.9	3.0	2.1
Claremont Garments	*Text*	*Monday*	-	*3.5*	*3.3*
Coats Viyella	Text	Thursday	3.0	4.0	3.0
Commercial Bank of London	Bank	Thursday	-	35.0	-
Crestacare	Misc	Thursday	0.7	-	0.1
Daniels (S)	Food	Wednesday	-	0.25	-
Dartmoor Inv Tst	InTr	Tuesday	2.6	3.8	2.5
Davis Service Group (The)	BsSr	Thursday	2.73	5.25	2.73
Delta	Elec	Monday	4.2	9.8	4.2
Edmond Hldgs	C&C	Thursday	0.65	1.2	0.35
Emess	Elec	Monday	0.65	0.35	-
English China Clays	Otln	Monday	6.6	13.4	6.6
Evans Halshaw Hldgs	Mtrs	Thursday	3.6	7.65	3.8
Expamet International	Otln	Wednesday	4.18	6.2	2.09
Fisher (James) & Sons	Tran	Wednesday	2.0	3.5	0.5
Global Group	Misc	Friday	0.2	0.3	0.2
Guinness	B&D	Thursday	3.05	7.75	3.35
Haden MacLellan	Eng	Friday	3.0	5.0	1.0
Hampden Group	Strs	Tuesday	0.2	1.8	0.2
Hornby	Misc	Friday	-	9.0	-
HSBC Holdings	Bank	Monday	-	-	4.8
IMI	Eng	Monday	4.2	5.8	4.2
IOM Steam Packet Co	Tran	Friday	3.0	7.0	3.0
JIB Group	InBr	Monday	-	5.0	2.5
Johnson Group Cleaners	BsSr	Tuesday	7.0	16.7	7.0
Kwik-Fit Hldgs	Mtrs	Thursday	1.35	2.0	1.35
Laporte	Chem	Monday	6.8	12.1	7.0
Law Debenture	InTr	Tuesday	6.0	11.5	6.25
Legal & General	InLf	*Thursday*	6.2	12.6	6.2
Lionheart	Misc	Tuesday	-	0.3	0.2
Martin Currie Pacific	InTr	Thursday	-	0.4	-
Melville Group	C&C	Thursday	-	-	-
Metalrax Group	Eng	Monday	1.0	2.9	1.0
Molins	Eng	*Friday*	3.0	9.75	4.5
Nichols (J N) (VIMTO)	Food	Monday	4.6	7.7	5.1
Peek	Elec	Monday	1.05	2.35	1.05
Plantsbrook Group	Misc	Wednesday	1.0	2.0	1.0
Portals Group	PP&P	Wednesday	5.0	8.8	5.0
Premier Consolidated	O&G	Wednesday	-	-	-
Quicks Group	Mot	Thursday	1.0	2.0	1.75
Ransomes	Eng	Monday	-	-	-
Record Hldgs	Eng	Monday	1.15	2.45	1.15
Reed International	Med	Wednesday	5.25	10.75	5.5
Rentokil Group	BsSr	Thursday	1.33	2.9	0.84
Rotork	Eng	Thursday	4.25	5.75	4.65
Rugby Group	BdMa	Monday	2.85	3.6	2.85
Rutland Trust	OtFn	Thursday	0.27	0.53	0.27
Schroders	MrBk	Thursday	5.0	13.0	6.0
Seafield Resources	O&G	Thursday	-	-	-
Simon Engineering	Eng	Tuesday	5.0	10.7	5.0
Singapore Para Rubber Estates	Plan	Wednesday	-	1.1	-
Spandex	Misc	Wednesday	1.9	4.1	1.9
Takare	H&H	Monday	0.5	1.0	0.6
Telemetrix	Elec	Thursday	-	0.6	-
Thames Television	Med	Thursday	2.5	5.0	2.5
Trade Indemnity Group	InCp	Thursday	-	-	-
Trio Holdings	InTr	Thursday	-	-	-
Try Group	Cont	Wednesday	2.0	4.0	0.5
Unigroup	BuMt	Monday	-	-	-
United Biscuits	FdMa	Thursday	5.5	9.8	5.6
United Uniform Services	Text	Monday	1.0	2.0	1.0
Vinten Group	Otln	Thursday	1.8	4.8	1.9
Wassall	Cong	Monday	1.0	2.0	0.8
Watmoughs	Med	Monday	2.5	6.0	2.7
Wimpey (George)	C&C	Tuesday	4.0	6.5	2.0
INTERIM DIVIDENDS					
Dunlon Group	C&C	Wednesday	-	-	-
European Leisure	H&L	Monday	-	-	-
Fortnum & Mason	FdRe	Friday	12.0	-	-
Golden Hope Plantations	Plnt	Wednesday	-	-	-
Graseby	Elec	Tuesday	3.3	7.6	-
Green (Ernest) & Partners	C&C	Thursday	2.75	4.25	-
MAI	OtFn	Monday	1.4	4.6	-
Minorco	Mine	Wednesday	-	-	-
Paterson Zochonis	H&H	Tuesday	2.25	9.2	-
Scholes Group	Elec	Tuesday	1.6	3.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AB Ports	Tran	Dec	36,600 L	(31,000)	-	(-)	8.5	(8.0)
Abbeycrest	Misc	Dec	1,350	(3,350)	3.8	(9.8)	3.2	(3.2)
ADT	n/a	Dec	109,100♥	(514,300)♥	0.80	(-)	-	(-)
Alliance & Leicester	n/a	Dec	122,500	(99,500)	-	(-)	-	(-)
Barings	n/a	Dec	21,300	(42,500)	-	(-)	-	(-)
BAT Industries	Misc	Dec	1,650,000	(981,000)	58.7	(24.8)	37.2	(33.6)
BBA Group	*Mtrs*	*Dec*	*47,400*	*(30,900)*	*8.30*	*(7.10)*	7.5	*(7.5)*
Blagden Industries	PP&P	Jan	7,630	(10,700)	7.2	(14.0)	9.5	(9.5)
British Polythene	PP&P	Dec	12,100	(10,300)	25.8	(23.8)	10.0	(9.0)
British Vita	Chem	Dec	55,200	(50,350)	16.3	(16.3)	7.15	(6.84)
Brillon Group	O&G	Dec	2,320 L	(743 L)	-	(-)	0.03	(-)
BTR	OtFn	Dec	1,085,000	(917,000)	34.3	(31.5)	18.0	(16.5)
Cadbury Schweppes	FdMa	Jan	332,700	(314,700)	26.8	(27.5)	13.2	(12.5)
Calderburn	Misc	Dec	2,830	(2,770)	7.4	(8.1)	7.7	(7.7)
Candover Invest.	InTr	Dec	4,100	(3,950)	13.7	(12.2)	10.25	(9.5)
Cheltenham & Glouc.	n/a	Dec	130,800	(183,800)	-	(-)	-	(-)
Christies Int.	Misc	Dec	6,700	(6,360)	2.21	(2.12)	1.5	(3.3)
Clarke (T)	Elec	Dec	1,44	(1,890)	7.34	(9.80)	4.07	(6.55)
Clondalkin	PP&P	Dec	13,400◆	(13,600)◆	23.39	(25.06)	4.732	(3.381)
Cluff Resources	Mine	Dec	225 L	(2,250)	-	(-)	-	(1.0)
Conrad Continental	Text	Dec	466 L	(378 L)	-	(-)	-	(-)
Cookson	Otln	Dec	72,500	(7,900 L)	9.4	(-)	8.0	(8.0)
Dosflex	Chem	Dec	1,510	(1,200)	12.3	(10.6)	4.6	(4.02)
EFT Group	OtFn	Dec	1,450	(591)	3.01	(0.56)	1.3	(1.1)
Eidos	Elec	Dec	190 L	(385 L)	-	(-)	-	(-)
Enterprise Oil	O&G	Dec	87,000	(110,500)	18.5	(24.5)	16.0	(15.75)
Fairey	Eng	Dec	17,300	(14,500)	32.5	(28.1)	10.2	(9.0)
Fleming Mercantile	InTr	Jan	9,290	(13,750)	4.52	(7.0)	6.7	(6.7)
Foreign & Clonial Inv	InTr	Dec	27,500	(26,200)	3.65	(3.47)	3.35	(3.19)
Gardner (D C) Group	Bus	Dec	1,220	(10,100 L)	1.85	(-)	-	(-)
GKN	Mtrs	Dec	121,800	(66,700)	16.6	(4.1)	20.5	(20.5)
Glynwed International	M&MF	Dec	33,100	(25,500)	10.9	(8.43)	11.65	(11.65)
Govett & Co.	OthF	Dec	45,200‡‡	(34,600)‡‡	45.0	(36.1)	24.0	(22.0)
Grahams Rintoul	InTr	Dec	1,250	(1,140)	-	(-)	0.25	(0.25)
Greggs	FdRt	Dec	6,970	(6,070)	40.6	(36.8)	15.0	(14.125)
Hillsdown Holdings	FdMa	Dec	154,100	(186,800)	13.6	(21.0)	8.8	(8.8)
Intrum Justitia	OthF	Dec	*18,000*	*(12,600)*	*9.2*	*(9.1)*	*3.0*	*(2.4)*
Kerry Group	FdMa	Dec	28,700◆	(24,100)◆	15.8	(14.5)	2.26	(2.15)
Kleinwort Smaller	InTr	Jan*	544	(689)	4.12	(5.07)	4.0	(4.6)
Kode International	Elec	Dec	1,030	(486)	8.6	(3.9)	5.5	(4.0)
Lloyds Smaller Co's	InTr	Jan	97.5†	(-)	4.21	(-)	3.55	(-)
Manders	BdMa	Dec	9,040	(6,040)	17.3	(13.0)	9.0	(7.0)
Medeva	H&H	Dec	36,000	(16,700)	12.2	(6.3)	2.25	(1.5)
Murray European Inv	InTr	Dec	46.3†	(42.0†)	0.23	(0.32)	0.16	(0.15)
North Midland Constr.	*C&C*	Dec	156	(655)	1.3	(3.8)	0.8	(1.0)
Pentland	Misc	Dec	83,600	(240,000)	15.79	(62.28)	2.5	(2.25)
Perkins Foods	FdMa	Dec	22,100	(24,200)	9.7	(11.8)	4.4	(4.3)
Persimmon	C&C	Dec	10,200	(22,300)	7.3	(16.8)	8.6	(8.6)
RPS Group	Misc	Dec	727	(493 L)	4.82	(-)	2.2	(2.0)
Readymix	C&C	Dec	3,000◆	(3,630)◆	6.57	(8.05)	2.91	(2.78)
Refuge Group	InLf	Dec	14,400§§	(13,200)§§	28.13	(25.81)	31.5	(29.0)
Rolls Royce	EnAr	Dec	184,000L	(51,000)	-	(-)	5.0	(7.25)
Rosebys	Strs	Dec	2,340	(2,170)	7.9	(8.9)	3.9	(-)
RTZ	Mine	Dec	537,000	(435,000)	24.8	(20.7)	19.5	(19.5)
Saatchi & Saatchi	Med	Dec	595,100 L	(47,200 L)	-	(-)	-	(-)
Sanderson Murray	Mtrs	Dec	1,410	(1,530)	6.2	(8.7)	2.0	(2.0)
Smith & Nephew	H&H	Dec	154,600	(70,300)	10.2	(4.0)	4.62	(4.44)
Singer & Friedlander	MeBk	Dec	6,050	(15,500)	5.86	(4.82)	2.8	(2.5)
Standard Chartered	Bank	Dec	202,000	(205,000)	29.0	(44.3)	20.0	(20.0)
TI Group	Eng	Dec	*87,400*	*(105,200)*	*15.4*	*(22.4)*	*10.7*	*(10.25)*
T & N	Mtrs	Dec	63,000	(40,400)	6.0	(2.75)	10.85	(10.85)
Transfer Technology	Eng	Dec	9,450	(5,510)	42.8	(36.5)	16.0	(13.0)
Transport Dev.	Tran	Dec	33,500	(16,900)	12.0	(3.6)	9.5	(9.5)
Union Discount	Fin	Dec	16,300 L	(23,600 L)	-	(-)	-	(-)
USDC Investment	InTr	Dec*	2,050	(1,950)	5.59	(5.33)	4.5	(4.25)
Vickers	Eng	Dec	25,900 L	(12,400 L)	-	(-)	1.5	(6.0)
Wates City London	Prop	Dec	74,900 L	(8,170)	-	(4.43)	-	(-)
Willis Corroon	*InBk*	*Dec¶*	*42,500*	(67,100)	6.4	(13.3)	1.65	(3.3)
WPP	Med	Dec	53,800	(38,360)	1.7	(27.9)	-	(-)
Wyevale Garden	Strs	Dec	3,540	(2,880)	8.0	(6.8)	4.0	(3.72)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Bailey (Ben) Const.	C&C	Dec	24	(107)	0.25	(0.3)
British Data Mngt	BsSr	Dec	1,660	(779)	1.5	(-)
British Bio-Tech	H&H	Jan§§	3,320	(1,970)	-	(-)
Castle Commun.	H&L	Dec	927	(793)	4.0	(4.0)
Close Brothers	MrBa	Jan	6,800	(6,350)	3.2	(3.0)
Cornwall Parker	Misc	Jan	2,920	(3,730)	1.7	(1.7)
Creston	C&C	Dec	67 L	(461 L)	-	(-)
Darby Group	BdMa	Aug	471 L	(262)	-	(1.2)
Domestic & General	InCp	Dec	3,430	(2,730)	7.5	(6.0)
Everest Foods	FdMa	Nov	1,180	(1,780)	1.2	(1.1)
Haggas (John)	Text	Dec	981	(911)	1.0	(1.0)
High Point	Prop	Nov	166	(64 L)	-	(-)
Kleinwort Develop.	InTr	Jan	-	(-)	2.75	(2.75)
Lloyds Chemists	Strs	Dec	22,600	*(15,200)*	*2.0*	*(1.55)*
Logica	Elec	Dec	4,140	(2,160)	1.25	(1.15)
Mucklow (A&J)	Prop	Dec	4,820	(5,340)	2.96	(2.82)
Pict Petroleum	O&G	Dec	2,900	(1,100)	-	(-)
Pochin's	C&C	Nov	1,600	(1,080)	8.0	(8.0)
Sirdar	Text	Dec	2,670	(2,810)	1.65	(1.65)
Thorntons	FdRt	Jan	7,020	(7,160)	1.25	(1.25)
Triton Europe	O&G	Dec	61	(2,610)	-	(-)
Union Square	Prop	Sept	8 L	(686 L)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † net asset value.
‡‡ = American Dollars & Cents. §§ = Nine month figures. ◆ = Irish Punts & Pence. ★ = net revenue¶ = Dividend figures for 3 months ♥ = US Dollars & Cents.§§ = Profits after tax.

RIGHTS ISSUES

Cookson is to raise £185.6m via a 1 - 4 @ 170p rights issue.
British Polythene is to raise £20.6m via a 1 - 6 @ 405p rights issue.
Law & Boner is to raise £50m via a 1 - 4 @ 265p rights issue.
WPP is to raise £88m via a 4 - 5 @ 45p rights issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Alphameric is to raise £363,227 via a placing of 1.29m shares @ 28¼p
Moorgate Smaller Companies Inv.Trust is to raise £25m via a placing of 25 offer units @ 100p

FINANCE AND THE FAMILY

Chattels are the goods

***Jennie Hawthorne** tells how you can minimise liability to gains tax*

INVESTORS looking for exemptions from capital gains tax often overlook the personal effects known as chattels. These comprise tangible moveable property such as furniture, jewellery, diamonds, silver, and collectibles like books, paintings and stamps. Wasting chattels, with an estimated life of less than 50 years – for example, a boat or car (not used for business) – are excluded from CGT altogether.

Even if you do not have a Cezanne in the attic or a Georgian silver tea set in the cellar, you have possibly acquired other possessions over the years. These could well have appreciated in value despite the recession. No matter whether such items came to you through inheritance or by shrewd or lucky purchases – if they can be classed as chattels, gains made on them are treated benignly by the Inland Revenue.

If you sell chattels for £6,000 or less, you pay no CGT at all. If the proceeds exceed £6,000, your capital gain is restricted to five-thirds of the excess. So, a set of apostle spoons that cost £500 and sold for £6,300 will show a capital gain equal to five-thirds of the excess over £6,000: that is, £500.

The mathematics mean that, for very large disposals, you are better off under the normal rules relating to chargeable gains. But husbands and wives each can claim the chattels exemption in addition to the usual CGT exemption for sales of other assets on which the profit does not exceed £5,800 in the tax year 1992-1993.

Silverware can qualify for the gains tax exemption

The past few years have brought more losses than gains for many people and even private homes, once considered a bedrock of security, have fallen in value. But this is not always true of their contents.

An old kitchen dresser picked up for a few pounds could now be worth a few hundred. A much-loved silver or dressing-table set, perhaps handed down by granny, can sometimes fetch around £1,000 today.

And first editions, which may grace your bookshelves or those of your parents, are in great demand and often sell for two or three times their purchase price.

Kenneth Fuller, of Marchpane – located in the internationally-famous antiquarian bookshop niche of London's Cecil Court – says a first (1930s) edition of P.G. Wodehouse, selling for around £100 in 1987, now costs around £400-£500. A first London edition of *Alice in Wonderland*, which could be bought for £200-£500 in 1987, now costs £1,000-£2,000.

But the real icing on the cake is that when your possessions consist of silverware, furniture, books, or any other of the items classed as chattels, each of them can qualify individually for the £6,000 gains tax exemption. The exception is when they make up a set.

What constitutes a set is a somewhat grey area and difficult to define, according to Timothy Sammons, a director of Sotheby's. The Revenue says: "Whether a number of articles constitute a set is a question to be decided in the light of the particular facts and circumstances of each case. Six matching chairs or a canteen of Georgian silver cutlery would *prima facie* constitute a set."

Thus, if a set of chairs which cost you £6,000 was sold for £12,000, there would be gains tax to pay (ignoring indexation) on the balance over £6,000. If you sold six individual non-matching chairs for £2,000 each, you would pay no tax on any of them. That might, however, be considered a trading transaction that incurs other taxes.

The best rule for taking advantage of the chattels exemption is to buy only what you enjoy and can afford, and sell only when you must.

■ The Inland Revenue won a victory this week with a ruling by the House of Lords in the *Smith v Schofield* case.

In 1952 Mrs Schofield inherited two pieces of furniture which she sold for considerable profit in 1987. At issue was the order in which two reliefs from CGT should be given, namely indexation allowance, which removes post-1982 inflationary gains from the charge to tax, and time-apportionment which is a method of exempting gains accruing before April 1965, when CGT was introduced.

The Law Lords decided that indexation allowance should be applied before time apportionment, which will reduce the benefit of indexation allowance.

Richard Rees-Pulley of Ernst & Young which, with other accountants, was involved in the case said: "It is wholly unjust that a portion of inflationary gains will be taxed as a result of this decision. As the Lords have previously said, CGT is a tax on real gains. The government should take urgent action to amend retrospectively the legislation to give proper indexation relief."

Directors' transactions

Profits roll in

DIRECTORS are seizing the opportunity of a buoyant stock market to take some very significant profits on their shareholdings. A classic example is Gresham Telecomputing. Michael Whitaker bought 600,000 shares at 10p last year, just before they started to motor. Since then, directors have taken profits repeatedly; Whitaker himself sold 100,000 at 56p earlier this year. The latest sales by Steve Purhase and Sidney Green were of 1m and 2m at 75p; they retain almost 50m between them.

Tadpole Technology came to the market in December last year when the shares were placed at 65p. Its share price performance since then has been little short of staggering. With the company already capitalised at £56m, Howard Kitchner, a non-executive director, has sold 100,000 shares at 308p. Four weeks ago, he sold a total of 72,000 at around 290p, but he still holds 660,000.

Colin Rogers, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Allen	C&C	31,550	33	3
Amberley	Misc	965,400	261	1
Birse Group	C&C	80,000	17	1
Boots	Stor	315,000	1,588	2*
Border TV	Med	25,000	25	1
Capita Group	BuSe	217,161	1,032	4
Cater Allen	OthF	9,995	46	1*
Gresham Telecomp	Elns	3,000,000	2,250	2
Hambros	Merc	85,000	263	1*
Harrington Kilbride	Med	8,000	18	1
Leslie Wise	Text	175,000	126	1
Lincoln House	Misc	142,570	18	1
London Merchant Sec	Prop	20,000	16	1
Marks & Spencer	Stor	22,000	73	1*
National West'ster	Bank	36,220	160	1*
Northumbrian Water	Watr	38,314	223	1*
Salvesen (Chr'tian)	BuSe	699,564	2,707	1
Serco Group	BuSe	20,975	173	1
Tadpole Technology	Elns	100,000	308	1
Unilever	FdMa	1,398	17	1
Welsh Water	Watr	3,120	18	1
Wolv & Dudley	Brew	6,500	38	1
PURCHASES				
Allied-Lyons	Brew	3,500	21	2
British Aerospace	EngA	35,000	93	2
British Petroleum	O&G	16,000	46	1
Courtaulds	Chem	4,000	23	1
RIT Capital Partn'r	InTr	50,000	57	1
Royal Bank of Scot	Bank	227,500	543	2
Trafalgar House	Cong	27,704	21	4
Transatlantic Hold	InsL	17,500	53	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 1-5 March 1993.

Source: Directus Ltd, Edinburgh

News in Brief

Following Footsie

NATIONAL & Provincial is offering a second version of its Guaranteed Equity Reserve account. This links the return to the rise in the FT-SE 100 index over five years, with a guarantee of investors' money back if the index falls.

As with most other products in this field, the investor receives no benefit from the dividend yield on the Footsie, a significant component of return over five years. The final return will be based on the average of the Footsie over the last six months of the five-year period.

N&P quotes a gross rate of 133.33 per cent of the growth of Footsie, but this is available only to non-taxpayers. Basic rate-payers will get 100 per cent of the rise; higher rate-payers will get 80 per cent and probably would be better off in an indexed unit trust. Bonuses for early investment will increase these returns slightly.

Withdrawals are allowed after one year but subject to penalties. If Footsie has failed to rise, you will lose 5 per cent of your capital; if it has increased, you will receive 50 per cent of the rise (for basic rate-payers) and 40 per cent of the rise (for top rate-payers).

The minimum investment is £500 and the issue will close on May 31.

■■■

PRIVATE investors looking for information on companies – including profit, earnings per share figures and brokers' forecasts – can, in addition to the sources we mentioned last week, consider the *Earnings Guide*. A monthly booklet costs £270 a year and a weekly guide, for use on a personal computer, is £1,200 plus VAT. Further details from Earnings Guide, PO Box 1, Horsham, West Sussex, RH12 3YY.

■■■

ENTERPRISE Zone investments, which allow full tax relief at the investor's top marginal rate of tax, have gone quiet this year. At one point, they seemed likely to overtake the business expansion scheme.

The latest offering is less glamorous than previous offerings involving Olympia & York, but probably less risky: it will buy cold storage units in Scunthorpe. Collect 1, sponsored by Terrace Hill Capital and managed by Property Enterprise Managers, will buy land in the Scunthorpe Enterprise Zone on which 63,500 sq ft of warehousing is being built. There is an agreed 27-year lease to Scunthorpe Cold Stores, with a projected rental yield of 8 per cent. Rent is underwritten by the Dibdin Group, which has assets of £19m. There is no external bank guarantee, and money has been put aside to pay the first three years' rent, plus up to two years' rent after that if necessary.

Minimum investment is £5,000, with a total capacity of £5.25m.

Investment Trusts

Saints aims for best of both worlds

***Philip Coggan** reports on Scottish American, which offers both income and an international flavour*

THE INVESTOR who wants an international portfolio often has to sacrifice income. But Scottish American Investment Company – or Saints, as it prefers to be called – pays quarterly dividends and offers a yield of 4 per cent, barely below the present return on the UK market.

The trust was founded in 1873 to invest in US railway bonds. At the time, they were offering 3 per cent when gilts were returning just 2 per cent.

The American flavour lasted until the early 1980s, when the trust had 30 per cent of its assets in the region, but the holding has fallen to 11.5 per cent. That is one reason the trust prefers the name Saints to its official title.

Like many other Scottish trust groups, it was managed by a firm of Edinburgh lawyers which needed a vehicle to manage its clients' money. It was not until 1970 that a separate management company, Stewart Fund Managers, was established. This, in in turn, merged with Ivory & Company in 1985 to become Stewart Ivory.

The present manager is Teddy Tulloch, who joined the firm in 1972 and has been looking after Saints since 1985. He is responsible for asset allocation, but stocks are selected by specialist regional teams.

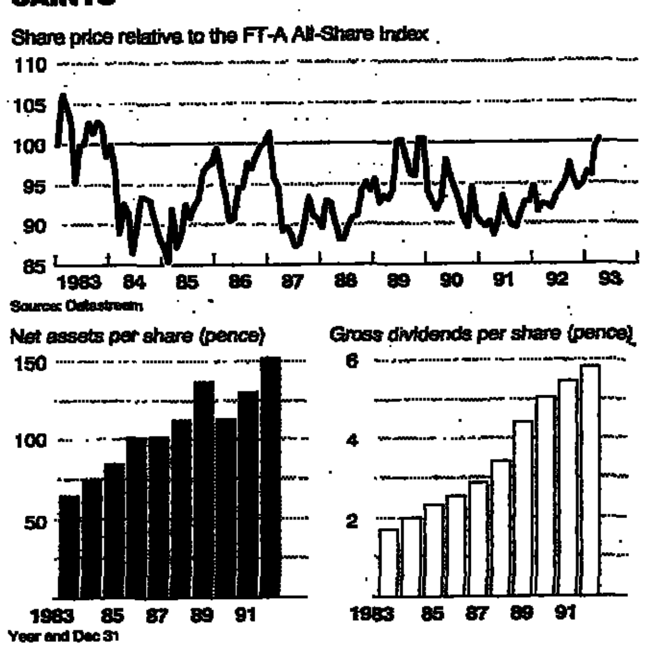
Outside the UK, the trust concentrates on growth-oriented stocks, looking for those with high returns on equity, a strong balance sheet and a positive cash flow. Its UK portfolio has to pay the dividends, so the managers aim for a yield on this portion of around 25 per cent above that on the All-Share index.

The 10 largest investments at December 31 were: Davis Service, Independent Insurance, British Telecommunications, Bowater, Christian Salvesen, British Gas, Shell, Powell Duffryn, Boots, and Value & Income Trust.

Many trusts gear up (borrow to invest in shares) on the ground that returns from equities beat fixed-interest returns in the long run. But the managers of Saints have set themselves a challenging task. Its main form of borrowing is an issue of unsecured loan stock, which rises in line with the FT-A All-Share index. The argument is that a manager ought to be able to beat the All-Share – otherwise, why employ him?

Nevertheless, it means that if the manager does have a bad year investing the gross assets, the effect on the net assets will be doubly bad since the indexed stock (worth £67.6m at the end of 1992) will have risen in value. Stewart Ivory can take some steps to reduce this risk by hedging in the futures market.

SAINTS



As the graph shows, the trust has kept pace with the All-Share only over the past 10 years. It had two bad periods – one in the early 1980s, when it was stuck with too many unquoted oil stocks; and another late in 1989, when it was over-exposed to small companies.

Over the past two years, however, the record has improved. Although the trust is 14th out of 19 in the international general sector over seven years, with a return of 142.9 per cent, it is eighth out of 21 over two years. (Figures from *Finstat* are mid-market to mid-market, with income re-invested over the period to March 1).

Allowing for the UK gearing of 20 per cent, the trust's net exposure to UK equities was around 46.7 per cent at end-1992, with other assets split between North America (11.5 per cent), continental Europe (8.1), Japan (5.6), Pacific Rim (8.1), unquoted (6.7), fixed interest (10.3) and others (3.0).

The trust has had some success in attracting individual investors (who now own around half) and the discount has narrowed to 13 per cent, compared with 22 per cent at end-1987. The annual report of the company is one of the best in the investment trust field, with clear breakdowns of the portfolio by sector and stocks.

■ **Key facts.** According to NatWest Securities Limited, the net assets per share on March 10 were 168p, putting the shares, at 145p, on a discount of 13.7 per cent. The net assets of the trust were around £375m on that basis, and the gross assets around £450m. The market capitalisation was £325m and the yield 4 per cent. The manager's annual fee is 0.25 per cent of shareholders' funds, plus 3.5 per cent of total income less borrowing costs.

■ **Board.** All the directors are independent of the managers. Jack Shaw, the chairman, is deputy governor of the Bank of Scotland. Other directors are: William Berry, senior partner of legal firm of Murray, Beith and Murray; Sir James Mellon, chairman of Scottish Homes; Dr Janet Morgan, an author and director of W.H. Smith; and Barry Sealey, director of Scottish Equitable.

■ **Savings scheme and PEP details.** The minimum investment in the savings scheme is £25 a month, or £250 for a lump sum. There is an initial charge of £10 plus VAT, which is deducted from the first payment.

The trust is fully Pepable; there is an annual charge of £25 plus VAT. For those who buy the trust through an independent financial adviser, there might be a charge of 3 per cent plus VAT. This is a change from Saints' previous policy when investors had to pay commission even if they did not consult an adviser. The minimum investment is £1,800 for a lump sum, or £150 a month.

Living with redundancy

Lump sums: the case for caution

Think before you spend, says ***Scheherazade Daneshkhu***

POOLS WINNERS are usually advised to put their winnings in the bank and take a holiday before doing anything with their money.

If you have been made redundant you may feel like anything *but* a pools winner – but the advice still applies: do *not do rush into anything* with your redundancy lump sum.

What you finally do depends on your financial circumstances, but it is not a good idea to tie up money when facing an uncertain future.

David Harris, of Chantry Financial Services, fee-based advisers, says: "For the first one to three months you should do nothing from an investment point of view until you are in a situation to make long-term plans."

Put the money in an instant access building society account in preference to a bank account, since interest rates are likely to be higher. Postal accounts, which give reasonable access, pay some of the highest interest because of their low overheads. If your spouse is a non-taxpayer, depositing the money in their name will reduce the overall tax burden.

Even if your redundancy pay-off is sizeable, many will find it is insufficient to live off for the rest of their lives. It is therefore essential to draw up a personal budget in order to make financial planning easier. Write down all sources of income and expenditure for the next six months, including income from equity investments and financial commitments such as a mortgage. Do not forget direct debits.

You must also contact creditors to tell them that you have been made redundant: even if you do not need their goodwill immediately, you may need it eventually, and unless they know of your changed financial circumstances they cannot make allowances for them.

Although it is unwise to make financial investments immediately, do not ignore essential insurance. If you no longer have life or health insurance cover because these had been provided by your employer you should consider taking on a new policy, especially if you have children.

Some insurance companies will agree to continue health cover for an individual who had been in a company scheme without requiring a new medical examination. This will have to be arranged soon after leaving the company.

It is also important to maintain existing pension levels. If you had a company scheme, you could leave the pension with the company, or transfer it to a personal scheme or your new employer's company scheme if you find employment. This subject will be addressed in a later article.

You should cut unnecessary expenditure by using your lump sum to pay off expensive debts, such as credit card bills. Most cards charge an annual *percentage rate of between 21* and 26 per cent. If you need to borrow, it may be cheaper to arrange a personal loan with your bank.

If your redundancy pay was not substantial it would be unwise to use all of it to pay off debts, since you will need money to live on. It is therefore important to get financial advice. "Tied" agents, who can only sell the products of one company, should be avoided in favour of an independent financial adviser, preferably one who charges fees.

Most IFAs are remunerated by commission from insurance and other companies to encourage them to recommend their products. This cost is borne by the consumer through high "front-end" charges." Although many commission-charging advisers are scrupulous about their recommendations, fee-based advisers – who charge for advice directly – do not face the same potential conflict of interest when giving advice.

The adviser should be registered under the Financial Services Act – check by telephoning the Securities and Investments Board's central register on 071-929-3652.

If you have share options in *a save-as-you-earn share option* scheme operated by your former employer, check the scheme rules. Most company schemes allow an employee who is made redundant to exercise their share options within six months of leaving the company, regardless of the original option date.

The disadvantage for those who leave a scheme early is that they lose the bonus payable towards the end of the contract. This increases the final interest payment and therefore the amount available to buy shares.

The alternative, if you can afford it, is to continue the scheme until it ends and take out the cash.

If your redundancy payoff is small and you need access to cash, you should start by liquidating those investments with the smallest penalties. Taking out the cash saved in the share option scheme is one option, as is selling shares, but watch for any potential capital gains tax liability.

Raiding a Tessa is another solution – you simply pay tax on the interest instead of receiving it gross at the end of its five year period.

You can make savings by stopping a unit trust or investment trust savings scheme; this is penalty-free and the scheme can be revived once *you have a new job*.

Long-term investments you should avoid cashing-in include endowments and whole-of-life or similar plans because the return for early surrender is so low. "You are stuck with the policy anyway and you will not be able to stop premiums without losing money," says Peter Smith, of financial advisers Hill Martin. If you have no choice, check the surrender value with the insurance company and compare it with what you would get by selling the policy to a marketmaker or at auction.

If you find it difficult to keep up your mortgage payments, see if your lender is prepared *to suspend capital repayments* or to defer interest if the mortgage is on a repayment basis. Remember that these interest payments will mount up. The lender might also be prepared to extend the term of the loan, thereby reducing your monthly outlay.

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In last week's article, the figure for unemployment benefit payable for a dependent adult is £26.60, not £25.55, according to the DSS. Unemployment benefit is not affected by statutory redundancy pay.

PERMANENT INTEREST BEARING SHARES

Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield* (gross, %)
Bradford & Bingley	13.00	10,000	30/9/91	100.20	126.25	10.30
Bradford & Bingley	11.63	10,000	29/6/92	100.13	113.25	10.27
Bristol & West	13.38	1,000	11/12/91	101.79	116.00	11.53
Bristol & West	13.38	1,000	31/10/91	100.34	116.00	11.53
Britannia (1st)	13.00	1,000	13/1/92	100.42	119.75	10.86
Britannia (2nd)	13.00	1,000	8/10/92	107.13	119.75	10.86
Cheltenham & Gloucs	11.75	50,000	21/10/92	100.96	111.00	10.59
Coventry**	12.13	1,000	28/5/92	100.75	114.75	10.52
Halifax	12.00	50,000	23/1/92	100.28	120.00	10.00
Leeds Permanent	13.63	50,000	3/6/91	100.00	129.75	10.50
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	121.50	11.01
Newcastle	12.63	1,000	8/9/92	100.45	120.75	10.46
North of England	12.63	1,000	23/6/92	100.14	119.25	10.59
Skipton	12.88	1,000	27/2/92	100.48	114.25	11.27

*Source: Hoare Govett. *Purchase price as at mid-day March 11; excludes accrued interest **includes stamp duty payable on Coventry pibs only*

Pibs: price up, yields down

THE YIELDS on permanent interest bearing shares – which are building society shares issued to raise capital for the society – have been steadily falling as their prices rise.

In our last table, which showed prices at midday January 21, the gross yield on Britannia Pibs, for example, was 11.35 per cent; that had fallen to 10.86 per cent by midday on Thursday. The price rose from 114.50p to 119.75p over the same period.

The fall in interest rates has been favourable to Pibs prices and although yields have fallen, they are still high compared with returns from equities or deposit accounts. This helps account for the increasing popularity of Pibs with private investors looking for income, but it is also a reflection of the risk they carry.

Pibs pay a fixed income twice a year net of basic rate tax. Any gains on the sale of the shares are exempt from capital gains tax.

They are deeply subordinated – which means that were the society to collapse, Pibs holders would be behind all other creditors in the queue for repayment.

If there is another cut in interest rates, prices can be expected to increase further but once interest rates turn upwards, prices will fall. Since Pibs are irredeemable shares the building society is under no obligation to repay the principal, so the original investment can only be regained by selling the shares. Falls in price therefore threaten the Pibs holder's capital although the income remains fixed in perpetuity, subject to the society's ability to maintain payments.

Scheherazade Daneshkhu

Credit card bills blunder

ANYONE with a National Westminster Bank Worldwide Fund for Nature Visa affinity credit card should handle their statements from the start of the year with extreme caution – and they would do well to check the figures carefully.

NatWest admitted last week that thousands of these cardholders had been overcharged because their payments had been sent to other people's accounts by mistake.

The funds were misdirected for the first payment period after the 15,000 WWF accounts were converted into ordinary Visa accounts – in the period January 1-26 this year.

The bank had identified the error by the end of the month and changed its systems so payments after that time were correctly credited. But it chose only to make reimbursements to customers who contacted it to complain that their payments were not shown – which it said amounted to "a significant number" of complaints.

A *senior manager in its* credit card services unit decided that it was not necessary to contact anybody else who was affected, although it would have been possible to identify these cardholders.

Only a few days ago, when a customer complained to a more senior bank official, did NatWest decide to contact every *customer with a WWF* account and adjust their statements.

The bank says it has now brought in a team to identify all those cardholders who may have been affected and to arrange reimbursements and some possible additional compensation. They can all expect to receive letters of apology in the next few days.

Any WWF customers who made payments which were not credited to their accounts will see that money restored and will have the additional interest charges made against them removed. The bank said it was also considering offering some extra reward.

Any other Visa customers *with statements showing* payments from others misdirected to their accounts will see the money removed, but will not be expected to pay the additional interest they owe.

NatWest has apologised for the errors and said that no customers would be left out of pocket as a result of the mistake. The bank has launched an internal inquiry to see whether disciplinary action is called for, and to prevent such incidents happening again.

NatWest said the error occurred after it decided to withdraw the WWF affinity card in late December last year. A "human error" when converting them into ordinary Visa accounts meant that some went to other people's accounts with the same identification numbers.

However, the issue demonstrates how important it is for all bank customers to check their statements meticulously. Only last August, NatWest decided to write to 1m credit card holders after discovering *statement* errors following a change in computer software.

The Consumers' Association said last week that the incident was just the latest instance of the lack of adequate checking carried out by banks on their customers' transactions.

A survey it carried out last year showed that one in seven *current account holders* with UK banks had found inaccuracies in their statements.

Andrew Jack

FINANCE AND THE FAMILY

Diary of a Private Investor

Mips and Fips: options for Lamont to ponder

CHANCELLORS of the exchequer have created a variety of new investment vehicles in recent years, such as personal equity plans (Peps) and tax-exempt special savings accounts (Tessas), while abolishing a number of low-yielding taxes – such as the excise duty on matches and mechanical lighters.

Will chancellor Norman Lamont's March 16 Budget follow that pattern? If so, as a private investor I hope he will introduce two new investment vehicles – Mips and Fips – to take the place of the business expansion scheme (BES) which ends on December 31.

Given the prime minister's recent statements on the need to encourage manufacturing industries, then Mips (manufacturing investment plans) might have some appeal. Investors would receive tax relief on their investment in newly-issued shares in start-up and existing small businesses which used the funds to develop or expand their manufacturing capabilities.

Mips would be restricted to companies with assets less than, say, £10m. Subsidiaries, or companies associated with major companies, would not be eligible. The tax relief terms could be somewhat similar to those that apply to BES investors. There would be no limit on the total amount each company could raise by this method of funding.

Fips (film investment plans) also would provide BES-style tax relief for investors who put money into encouraging and expanding the British movie industry. Each production, regardless of the size of its budget, would be open to private investors. Ideally, this would encourage production of more films with mass appeal (as opposed to art house movies, which might receive subsidies from the new national lottery). With luck, such films would lead not only to a steady stream of income from foreign sales but also act as world-wide promoters of British talent. Films with excessive violence would not qualify for Fips.

The ideal tax for abolition in the Budget is stamp duty on share transactions. If the chancellor feels he cannot get rid of this iniquitous tax completely, then at least it should be abolished for private investors, leaving institutions to continue paying it.

Stamp duty on house purchases could also be abolished. If this was accompanied by an announcement that mortgage interest tax relief was being phased out over, say, the next 10 years, then this would help to lubricate the housing market and, in the long term, save the government huge sums of money. It could also help shares in house-building companies.

There has been much press comment about the government's need to borrow yet more money to fund its spending plans; and it has been suggested that the rules for Peps should be amended to allow gilts to qualify for inclusion. But I would much prefer that Peps were abolished. As well as an increase in capital gains tax allowances, private investors should be given roll-over relief instead.

Already, some forms of institutional investment benefit effectively from such relief; unit and investment trusts pay no CGT when share-holdings are bought and sold. The individual taxpayer becomes liable for such tax when the units or investment trust shares are cashed in. A private investor should be able to benefit personally from roll-over relief on his individual share transactions. So long as the proceeds from a sale are used to fund another investment (shares or gilts), then no tax should be levied.

The chancellor should also make it much easier for people to organise their own personal pension schemes without the need for fund managers and trustees. They should be allowed to set aside part of their income for pension purposes and invest it how they wish: if they lose it all, hard luck! But at least they would have direct control over their own destiny (plus the tax advantages).

Fund managers in Britain have control over an uncomfortably large proportion of companies and industry. The time is long overdue to encourage and promote much more direct investment by private individuals - particularly as they are more likely to complain loudly in cases of pathetic management than some institutions.

There are a number of companies that may suffer from the Budget. It has been suggested that the chancellor could extend VAT to domestic fuel and power – perhaps at 5 per cent initially – in order to help fund the government's deficit and demonstrate a "green" policy. If that happens, shares in all utility companies could be hit.

Fortunately, I hold only a modest number in Southern Electric (so I can complain at the next annual general meeting about the poor power supply to my home). But no such levy should be applied to Scottish Hydro Electric, which provides the "cleanest" power in the UK.

In his Budget last year, the chancellor increased tax on leaded petrol at a higher rate than unleaded, and said this continued the government's "long-standing and successful policy" of encouraging people to use unleaded fuel. I expect he will widen the gap even more this year.

The Inland Revenue has completed a review of company car tax and the chancellor is expected to announce further increases in this area. Suppliers of expensive vehicles may suffer as these could well attract higher tax, while the benefit of company car insurance could be affected similarly.

Whatever the chancellor announces, I hope it is accompanied by a statement showing how the costs of government and administration are being reduced.

Kevin Goldstein-Jackson

NS to get an arbiter

A NEW recruit is to join the ranks of ombudsmen and arbitrators handling complaints about financial services. From April 1, the newcomer – styled an "independent adjudicator" – will determine disputes between the department for National Savings and its investors.

The name of the adjudicator – picked from a field of 50 legally-qualified applicants – will be announced soon by the Treasury. The job is part-time and the appointee will take over the task from the registrar of friendly societies.

Investors might wonder how an adjudicator appointed, paid-for and provided with office space by National Savings' overlord, the Treasury, can be described as independent. But although NS has around 30m investors, very few of those involved in disputes are likely to come into contact with the adjudicator – or even to learn that such an official exists.

Unlike the banks, most of which display posters or leaflets about their ombudsman, NS has no plans to make any information about the adjudicator available in post offices. And, apparently, it intends not to reveal the possibility of adjudication until very late in a dispute.

An NS spokesman said this week that if a dispute reached an impasse after "protracted correspondence," the department would then tell the investor the matter could be referred to the adjudicator.

The annual report of the registrar of friendly societies shows that in the year to September 1992, he dealt with 18 NS disputes: 10 over NS savings bank deposits; six over savings certificates; and two over stocks, bonds or premium bonds. Third-party title disputes were the largest category, accounting for 11 cases, followed by claims for additional interest (three cases).

Barbara Ellis

FINANCE AND THE FAMILY

Medical insurers curb premium rises

HEALTH insurers have begun to lance the boil of medical cost-inflation which has bedevilled the industry. The result is a lower rate of increase in premiums this year – an encouraging sign after a period when a combination of factors seemed to be pushing private health insurance out of the reach of many people.

Insurers reassess their premiums twice a year, although customers pay only once. The British United Provident Association (Bupa), the largest medical insurer, announced increases of 14.7 per cent for the year for individual subscribers, but those renewing company schemes will see an increase of only 7.2 per cent. These figures followed increases the previous year of 23 per cent.

Norwich Union Healthcare has increased its premiums by 10 per cent for the year, a figure equalled, on average, by Western Provident Association. This figure is higher for the elderly – pensioners on WPA health insurance schemes which qualify for tax relief face an increase of 25 per cent this year, following a 36 per cent rise last year.

But these rises are only averages. On some policies, insurers have frozen premiums, or even decreased them.

Private Patients Plan has announced that premiums will drop by 5 per cent in July. When combined with the increase announced earlier in the year, that means premiums for around 250,000 policy-holders, will reduce or stay the same.

Reductions will fall mostly on budget plans – for example, a family headed by a 50-year-old would see a reduction in monthly premiums from £41.40 to £38.20.

What lies behind the increases? Lawrence Hager, of Noble Lowndes, identifies several factors which together cause the trend to higher premiums. These include:

- Medical inflation – which was highlighted last year when the Monopolies and Mergers Commission investigated consultants' prices.
- Technology.
- Cost-shifting from the public sector to the private.
- Utilisation – the amount of times each policyholder makes a claim.
- Anti-selection – the phenomenon by which those who realise that they are likely to need private medical treatment are more likely to take out the insurance.

In the US last year, these combined to force an increase of 20.5 per cent for 1993.

In the UK, medical inflation – as measured by the cost of each claim to the companies – had been allowed to get out of control, but the insurers now seem to be putting a lid on it. According to Arthur Large, chief executive of Bupa, costs per claim increased by only 2.2 per cent last year, following 7 per cent in 1991. This is barely ahead of the rate of inflation.

But rising premiums encourage further anti-selection (as those who consider themselves fit decide that insurance is no longer worth the expense), and also increase utilisation of the service.

According to Large, Bupa's policy-holders claimed 7 per cent more often last year than they did the year before. But members of corporate schemes – less prone to anti-selection – actually claimed on their insurance 1.7 per cent less than in the year before, and Bupa's company premiums were not raised at the beginning of this year.

So, the years of cost-inflation may bring consumers some benefits. Insurers have been forced to offer a wider range of products, allowing consumers to avoid paying for cover for ailments which would be just as well treated by the NHS.

WPA, for instance, now has 15 different products with different levels of cover. A family headed by a 50-year-old could pay as much as £1,442.90 a year, or as little as £369, for its insurance.

According to Julian Stainton, of WPA, the latter only covers "quality of life" ailments (such as varicose veins), for which NHS waiting lists are justifiably longest, and does not cover acute illnesses, for which the NHS is usually speedy.

Watch out for further changes to premium structures. Medical insurance has grown much more expensive, but at last the insurers have been forced to keep an eye on what doctors are spending and to address the needs of the consumer.

John Authers

Top annuity rates

THOSE WHO feel they need not worry about inflation now it has fallen to 1.7 per cent should take a look at the annuity table. All the annuities are "compulsory purchase" – the kind bought with a pension fund on retirement.

You can buy an annuity which grows by 3 per cent annually, or one which increases by the rise in the retail price index each year. Note that the amounts paid out initially for the 3 per cent annuity are much higher than for the RPI-linked annuity. That means actuaries expect average inflation to be considerably higher than 3 per cent over the lifetime of their annuitants.

RNPF Nurses, which appears in several lists, offers annuities only to members of the medical professions. All figures were supplied by The Annuity Bureau, 11-12 Hanover Square, London, W1R 9HD, tel. 071-495 1495.

COMPULSORY PURCHASE ANNUITY RATES

Index-linked compulsory purchase annuity			
Male age 65	Annuity	Female age 60	Annuity
Sun Alliance	£8840.04	Equitable Life	£6404.00
Equitable Life	£8789.04	Sun Alliance	£6296.04
Abbey Life	£8308.08	Sun Life	£6083.40
Annuity escalating by 3 per cent annually			
Male age 65	Annuity	Female age 60	Annuity
RNPF Nurses	£10419.00	RNPF Nurses	£7949.00
Equitable Life	£10274.04	Equitable Life	£7857.96
Canada Life	£10179.96	Canada Life	£7647.24
Compulsory purchase level annuity			
Male 65	Annuity	Female 60	Annuity
Equitable Life	£12615.00	Equitable Life	£10205.04
RNPF Nurses	£12608.00	RNPF Nurses	£10202.00
Canada Life	£12370.92	Canada Life	£9961.20
Joint life annuity (male age 65/female age 60)			
Escalating by 3%	Annuity	Remaining level	Annuity
Equitable Life	£7347.96	Equitable Life	£9632.04
RNPF Nurses	£7333.00	RNPF Nurses	£9592.00
Canada Life	£7186.44	Canada Life	£9392.16

All payments are gross, monthly in advance, and without guarantee. Purchase price £100,000.

New trust offers 8.5% yield

A NEW investment trust offering a yield of 8.5 per cent will be launched later this month by Grahams Rintoul, a small fund management group. The High Income trust will invest in convertible stocks – fixed-interest securities which can be converted into ordinary shares.

The theory behind convertible investing is that the high yield gives a decent income and, if share prices rise sharply, there is a chance of extra profit by exercising the conversion option.

The theory has not worked too well in recent years, though. The average convertible unit trust rose just 19.4 per cent (offer-to-bid with income re-invested) over the five years to March 1, according to Finstat.

High Income's manager, Nick Coombes, says that unit trusts specialising in the area can be hit by redemptions, which require them to sell their most liquid – and often their most attractive – stocks. Furthermore, many of the convertibles issued in the mid-1980s were by companies on acquisition sprees; many deals turned sour late in the decade and the early 1990s.

Coombes says there are still plenty of good stocks available in the market, such as Tarmac, Amec, Rank, BAe, BICC and Hanson. His main aim is to ensure that the trust can continue to make its dividend payments, which will be paid quarterly. If that is achieved, he says, the capital will look after itself.

The trust's capital structure is that 70 per cent will be in ordinary shares with the rest in zero dividend preference shares, which will be on a redemption yield of 8.5 per cent. The build-up of the zero's value will be charged against the trust's income account, which has tax advantages. But, as with other split capital trusts, if the manager fails to perform, the demands of the zero will eat into the value of the ordinary shares.

The chairman of the trust will be John Short, the former manager of BZW Convertible trust, the only other investment trust in this field. It is top of the UK General sector over three years, with a rise of 64.1 per cent, and its shares stand at a premium to asset value. High Income trust will have a restricted six-year life, which should limit the danger that the shares will fall to a discount.

Under the present rules, the trust does not qualify for personal equity plan status. So, income-seeking investors might consider it as an add-on to a Pep, such as those on offer from Cazenove, Fidelity, Foreign & Colonial or M&G.

The minimum investment will be £1,000; annual management charge will be 0.8 per cent; and issue expenses will be no more than 4 per cent. The broker is the London-based Greig Middleton. The launch is scheduled for March 25, so details may alter if there is a change in economic and financial conditions before then.

Philip Coggan

Hit by a horse

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A RUNAWAY horse ran into our car on a road at midnight. There is no dispute that the animal was to blame and the car was a write-off, although neither my wife or myself suffered serious injuries.

My insurance company has paid me for the car but the other side, although admitting the horse was responsible, is refusing to meet such additional direct costs as hospital and hotel accommodation.

■ Your remedy here would lie in sueing the owner of the horse for the loss which you have incurred and which the insurers are not prepared to meet. This might present difficulties if the horse was not being ridden and had escaped from private land; but section 8 of the Animals Act 1971 makes it possible to establish negligence in keeping the horse in such circumstances that it was able to get into the road in the way in which it did. You would be wise to consult a solicitor.

Wind-up worry

AFTER SELLING a business in 1970, my wife and I were left with a company which had previously run the business. Since that time, it has been reorganised by the tax authorities as an investment company - my wife and I being the sole shareholders.

In the beginning, the value of the investments held amounted to very little, but this has grown gradually over the years to £20,000. There are no debts and no activity other than the payment of a few hundred pounds for secretarial services to my wife. But accounting charges amount to around £400 per year, which seems a waste of money.

Because of our age – we are both 70- plus – we wish to liquidate the company but have been quoted £2,000-plus for this. What should we do?

■ It might be preferable to take a different course from formal winding-up: namely, to have the company struck off the register of companies as having ceased to trade. Briefly, you would pay off any creditors and all taxes and distribute the assets as dividend. You then prepare a balance sheet, which need not be audited if the company has not traded since the last accounting date.

The directors should pass a resolution to take personal responsibility for any unquantified liabilities (accountancy fees) plus a resolution that the company has ceased to trade, is no longer required, and that the companies' registrar be asked to strike it off the register. Signed copies of the resolutions and balance sheet are then sent to the registrar with a note of the company's tax office and reference number.

If the inspector of taxes responds to the registrar's enquiry and confirms that all tax liabilities have been settled, the registrar will normally proceed to strike off the company. This will involve considerably less cost than a winding-up.

Claim for discount

MY WIFE owns a small cottage which is registered in her name. I believe she is entitled to a 50 per cent council tax discount on it as "a second home." But the local authority claims that "a property which is not a sole or main residence but is furnished will not be subject to a discount," according to a decision taken by the council. This appears to contravene the literature published by the Department of the Environment?

■ While you would be entitled to a rebate on an empty property (for up to six months), the property is not regarded as empty while it remains furnished; hence, the council would appear to be correct. This is not a decision "taken by the council" but an application of the rules which govern the new council tax.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Teachers' BS	Bullion Share	0800 378669	Instant	£500	7.00%◆	½Yly
Britannia BS	Capital Trust	0538 398115	Postal	£10,000	7.30%	Yly
Teachers' BS	Minster 90	0800 378669	90 Day	£1,000	8.10%	Yly
City & Metropolitan BS	Super 90	081 464 0814	90 Day	£25,000	8.00%□	Mly
Cheltenham & Glos BS	*Best 90*	0800 272383	90 Day	£50,000	8.30%	Yly
Scarborough BS	Scarb' Ninety 3	0800 590578	90 Day	£50,000	8.35%	Yly
Newcastle BS	Nova Star VI	091 232 6676	1 Year	£5,000	8.25%	Yly
Chelsea BS	Premier VII	0800 272505	1.8.95	£10,000	9.25%☆	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	8.10%	Yly
Britannia BS		0538 399399	5 Year	£8,300	8.00%F	Yly
Manchester BS		061 834 9465	5 Year	£25	8.00%	Yly
Darlington BS		0325 487171	5 Year	£1	8.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	*HICA*	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	6.60%	Yly
				£25,000	7.10%	Yly
Northern Rock BS	Current	0800 591500	Instant	£50,000	7.07%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	*Woolwich Intl*	*0481 715735*	*Instant*	£500	6.25%	Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£25,000	7.30%	Yly
				£50,000	8.00%	Yly
Bristol & West Intl Ltd	Intl Premier	0481 720609	6 Month♠	£5,000	8.55%	Yly
GUARANTEED INCOME BONDS (Net)						
General Portfolio FN		*0279 462839*	1 Year	£50,000	5.20%	Yly
Prosperity Life FN		0800 521546	2 Year	£25,000	5.55%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	6.00%	Yly
Financial Assurance FN		081 367 6000	4 Year	£20,000	6.30%	Yly
General Portfolio FN		0279 462839	5 Year	£50,000	6.60%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% + Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond. ☆= Rate fixed only until 1.7.93. □ = Rate guaranteed until 1.5.93. ♠ = After 6 month qualifying period. ◆ = Rate guaranteed until at least 1.4.93

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

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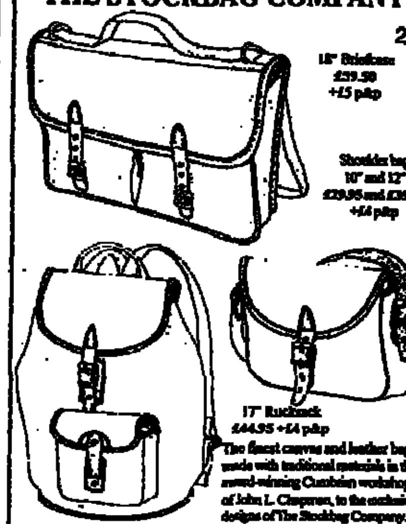

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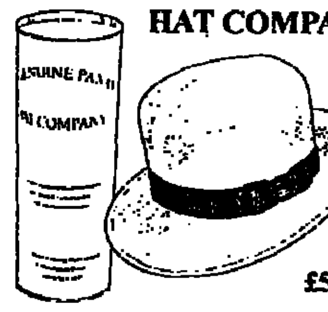

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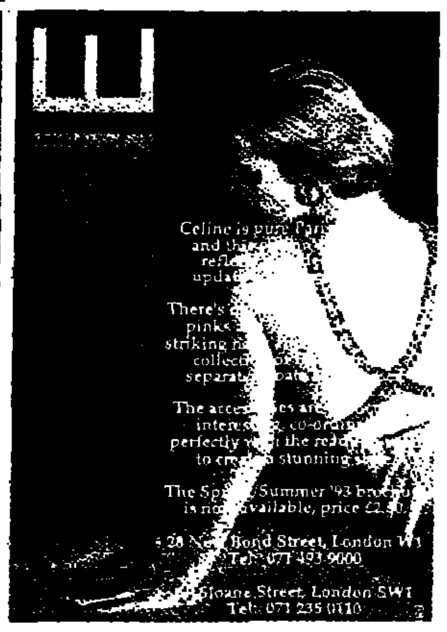

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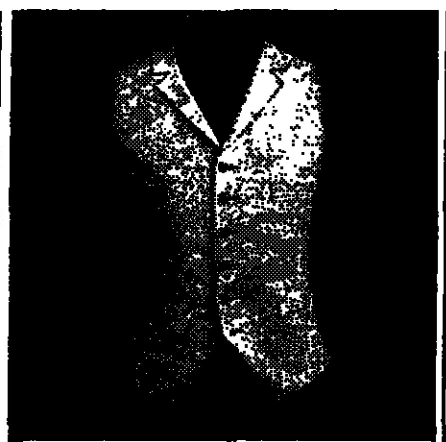

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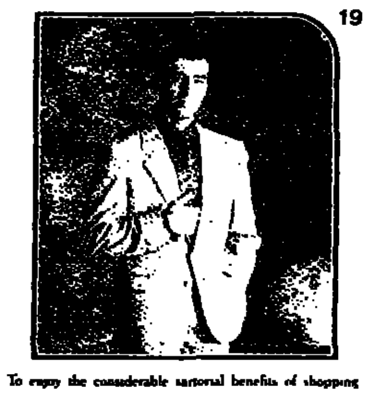

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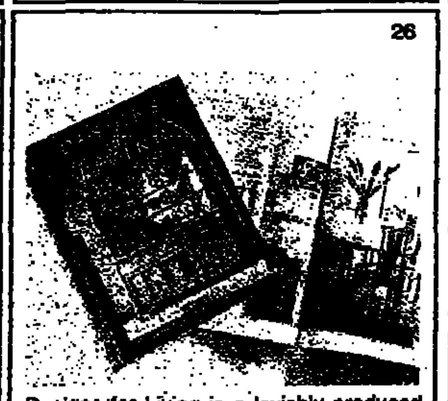

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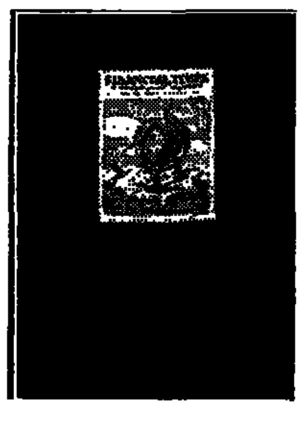

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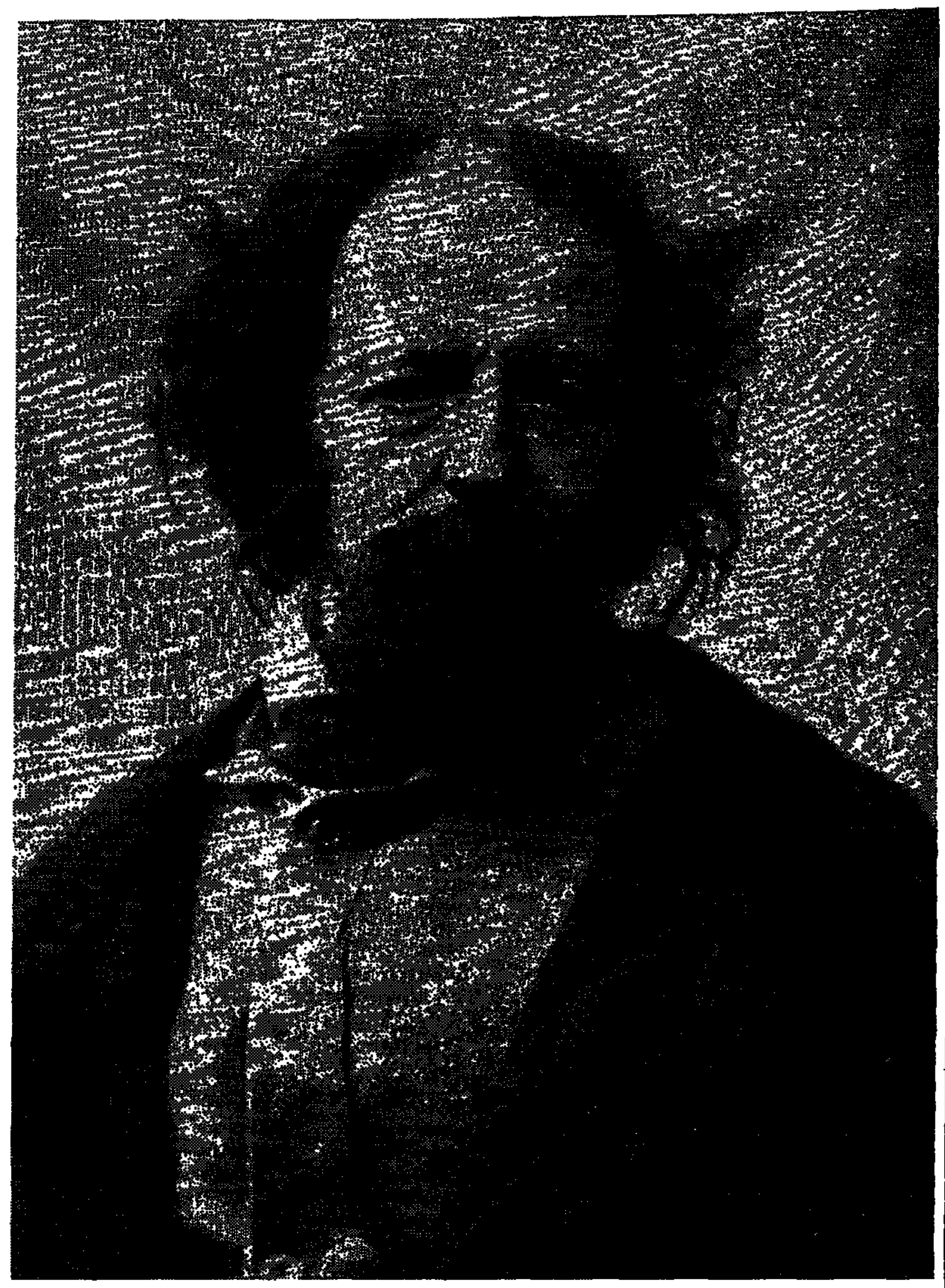
BOOKS

Master of patriotic verse

This biography reinstates the true value of Tennyson's poetry, says ***Anthony Curtis***



SLIGHTLY more than 200 years ago, in October 1892, Tennyson had the biggest, most public funeral of any English poet – a spectacular ceremonial in Westminster Abbey with survivors of the Light Brigade lining the aisle. It was an appropriate final tribute to a poet whose work had penetrated every literate household in the land. What other poem has ever become so inextricably interwoven with history and national pride as *The Charge of the Light Brigade*?

When the Duke of Wellington died, Tennyson (who had been appointed Poet Laureate two years earlier in 1850 on the death of Wordsworth) wrote: "Bury the Great Duke/ With an empire's lamentation,/ Let us bury the Great Duke/ To the noise of the mourning of a mighty nation..." It was an Ode in which Tennyson gave robust patriotic expression to the Victorian moral outlook in the famous couplet: "Not once or twice in our fair island-story,/ The path of duty was the way to glory..."

TENNYSON
by Peter Levi
Macmillan £20, 370 pages

Most of the time today we apprehend poetry, when we bother with it at all, privately, almost secretly, through the eyes, listening to the sound of the words only with the mind's ear. That is quite different from the way Tennyson and his contemporaries listened to poetry. For them it was read aloud regularly as part of general and parlour entertainment. Tennyson's contemporary Browning perfected the notion of a poem as a histrionic monologue. Even a poem-sequence stemming from a deep sense of personal loss like *In Memoriam* was conceived in terms of public utterance.

Peter Levi, a poet himself, is highly sensitive to this aspect of Tennyson, and reminds us of it when commenting on the poems. His biography of the poet comes in the wake of several previous ones in recent years, such as Robert Bernard Martin's *Tennyson: The Unquiet Heart* (1983) and Michael Thorn's *Tennyson* (reviewed here last year). There have also been published during the past decade three volumes of *The Letters of Alfred Tennyson* and in 1969 there was a truly complete edition of the poetry with copious biographical notes on each poem edited by Christopher Ricks.

The basic facts, then, are not in dispute and Levi has no tremendous revelations to unfold. His fresh light arises from his more erudite discoveries – a copy of the *Post Homerica* of Quintus of Smyrna inscribed in Greek (by Arthur Hallam he surmises) to Tennyson and providing him with the source for the sequel to *Oenone*. We read once more of the poet's upbringing as the fourth son of a drunken Lincolnshire rector, and of his attendance at Louth Grammar School and Trinity College, Cambridge, where he was one of the earliest members of the Apostles debating society.

He went down from the university with the Chancellor's Gold Medal for his poem *Timbuctoo* but without a degree. He made his poetic début in 1827 in the slim volume, *Poems by Two Brothers*, a joint venture with his sibling Charles. Then in 1830 came *Poems, Chiefly Lyrical* of which he was the sole author. It was cruelly savaged by that notorious literary hatchet-man of the period J.W. Croker – "Croaker", Levi aptly calls him – in the *Quarterly Review*. And as if this was not enough misery, a tragic blow followed when an urgent letter from abroad informed Tennyson that his great Cambridge friend Hallam (who was engaged to be married to his sister Emily) had died of apoplexy in Vienna.

Levi discounts the view taken afterwards by Tennyson that, had his other friends not supported him at this time of crisis with their praise of his work, he would have given up poetry altogether. In the event he began *In Memoriam* soon after his friend's death and he continued to draft poems treating of the legends of Camelot. Levi dates the emergence of Tennyson as a great poet to this period.

For those of us who belong to a generation whose taste for Tennyson was systematically poisoned, first by reading T.S. Eliot's complaint that he "ruminated" tediously, and then by the strictures of F.R. Leavis, the deeply-felt responses in this book are a pleasingly corrective experience. Levi rates the song "Tears, idle tears" as a "sad and perfect lyric". That was the very poem Leavis made the spearhead of his attack, contrasting it, much to its disadvantage, with a more poised poem of regret by D.H. Lawrence.

But Levi discriminates too. He suggests that *The Idylls of the King* are fatally flawed and most of them should be read quickly if at all. He feels that the best part of *The Princess* is the Prologue, with its description of an open day in summer in the grounds of Park House for the members of the Maidstone Mechanics Institute. (The funfair scenes in Ken Russell's recent and notorious production of Gilbert and Sullivan's *Princess Ida* were ultimately derived from this instance of Tennyson's descriptive skill).

The plays Levi regards as more or less unreadable and certainly unperformable; but he thinks that *Maud* (severely panned by George Eliot when it first appeared) is "a powerfully impressive poem". He finds in it "a very full and fully sexual expression of love, which as a younger and unmarried man Tennyson could not have written (there he differs from Tolstoy)". It is these bizarre throwaway comparisons that have such a salutary effect on the reader; like the book as a whole, they send one straight back to the poems.

In search of Olympia

FOR EVERY one art lover who knows her name, thousands can instantly recognise the face and body of Victorine Meurent. She was the bold model with the tight little frame and steady, daring gaze whose depiction in Manet's *Olympia* and *Le Déjeuner sur l'Herbe* revolutionised European nude painting and outraged the 19th century art world. Contemporaries called Meurent "a female gorilla" and marched through the Salon with sticks and umbrellas to attack her portrait. Now she is something of a feminist heroine, the plucky naked girl who stares out of the canvas defying male expectations of submission, the star of a sexy *fête champêtre* who refuses her part in the erotic script.

ALIAS OLYMPIA
by Eunice Lipton
Thames & Hudson £12.95, 181 pages

Who was the woman behind the image? *Alias Olympia* is subtitled "a woman's search for Manet's notorious model and her own desire", and began as Eunice Lipton's attempt to find out. Lipton is a distinguished art historian, but she soon discovered that history had buried Meurent as a typical model – prostitute, alcoholic, loser – nicknamed "the Shrimp". Meurent is known to have painted as well as modelled, but records, documents and interest in her were negligible. There seemed no book to be written.

But Meurent became for Lipton an obsession, and scholarly research a detective trail of blazing personal urgency. With wit and perception, Lipton describes how she lived, breathed and dreamt Meurent, how lacklustre archivists and Parisian alleys drove her to paranoia, how she came to see the Parisian model born a hundred years before her as an alter ego who shared her own problems with family, lovers, feminism and the art establishment. Biography merges into autobiography, art history into a novel as she creates her own idealised Meurent: a defiant lesbian artist who whizzes about Paris, sells her paintings, drinks alone in bars, does her own thing. The result is a clever, unorthodox, enthralling book which combines criticism and fiction in elegant symbiosis. Lipton's overarching theme is the century-old treatment of women as objects in art and culture, and the way this continues to condition how women see themselves. Here Meurent is the breakthrough, "resisting centuries of admonition to ingratiate herself", consigned to (patriarchal) historical oblivion as punishment. Manet, who after all created the radical image, gets no credit.

But you do not have to agree with Lipton to enjoy her story. Her format allows a plethora of juicy digressions – sharp words on the pampered, male-bonded lives of Berthe Morisot and Mary Cassatt, for example, snap into an analysis of why Renoir and Manet and Monet endlessly depicted one other painting, but never drew the women artists working. Lipton has inspired hunches, admissions of uncertain assumptions or dead-end routes which a narrower scholarly work would lose. Most dazzling is her confidence to turn the tables on herself and unearth research that shows how pathetically an ageing, down-and-out Meurent traded on the Manet connection: a final joke in which Meurent refuses to play her author's game as trenchantly as she declined to satisfy the 19th century viewer.

Alias Olympia joins a small, impressive genre of post-modern criticism – Richard Holmes' *Footsteps*, Cecily Mackworth's offbeat account of Freud in *Lucy's Nose* last year – where the academic search is the story, where loose ends are not tied up and uncertainties are accepted and bring life to the narrative. It is cultural history at once learned, provocative, original and unstuffy.

Jackie Wullschlager

Detail from 'Olympia', by Manet

Much Whiggery pokery

***J.H. Plumb** admires the political skills of a remarkable man*

THIS IS a very pleasant, quiet book. It does not flash or thunder or try to impose an ideological interpretation or go in for psychoanalytical theory. In the hands of a professional scholar, it would probably have been three times as long, burdened with five times as many footnotes and dragged behind it a bibliography of 20 pages. The result would have been less readable and probably less wise.

Sometimes the book skirts on thin ice when the author ventures into European problems or Britain's economic development, but the ice never cracks. Apart from a few weaknesses, it is an excellent book, in its quiet way seductively readable and illuminating. Reading it is like eating a dish of well-buttered brown bread, very nourishing, very sustaining, and very rare these days.

It is about John Ponsonby, who became Viscount Duncannon as a schoolboy and succeeded as 4th Earl of Bessbrough a few years before he died in 1847. The old Ponsonby estates were in Ireland, near Kilkenny, but the family rarely went there for his mother was sister to Georgiana, Duchess of Devonshire, (and a Spencer) and preferred their house at Roehampton.

Indeed, Duncannon was born into a very large whig network which took Charles James Fox as its hero and leader: a part, therefore, of that vast whig cousinage based principally on London but which also spent a lot of time visiting each other. The core of his circle were the Cavendishs, Spencers, Fitzwilliams, Lambtons, Howards and Lambs. Duncannon was related to most of them.

It was a dissolute society enjoying the kind of sexual freedom which people enjoy today but with its own taboos (you did not sleep with marriageable girls of good family) and shibboleths (male infidelities were mere "scrapes" and openly gossiped about). The tone was set by the Devonshires: the Duke brought up his bastards in the same nursery as his legitimate children. His mistress, Lady Elizabeth Foster, was a close and loving friend of his wife.

Their more dangerous obsessions were drink and gambling – in the case of Fox and the Duchess of Devonshire almost ruinously so. Duncannon's mother, whose lover, Granville Leveson-Gower, was 12 years younger than herself, bore him two girls but they were brought up apart from the family. She was almost as extravagant as her sister, Georgiana. To put it mildly, the whig cousinage was randy, extravagant, alcoholic and arrogant.

DUNCANNON: REFORMER AND RECONCILER 1782-1847
by Dorothy Howell-Thomas
Michael Russell £19.95, 400 pages

One of the fascinations of this book is to see how the scions of this group adjusted to the vast political and social crises which ravaged Britain between 1810-50. Their world was toppling and changing as fast as our own has done this last few years. Duncannon, in his somewhat subfusc yet debonair manner, was remarkably effective in guiding Britain through those tempestuous times.

He made three great contributions to British political and social life. He strengthened the office of Chief Whip; cleaned up the morass of antiquated administration that was responsible for public and Royal buildings; and kept Britain afloat and almost at peace in Ireland during the turmoil caused by the Union.

His skills were a capacity for business, for the quick mastery of a complex brief which is the hallmark of "a man of business" in politics. As Chief Whip he kept the whig opposition coherent during the long premiership of Lord Liverpool, creating an umbrella that sheltered and kept together old-fashioned whigs like Fitzwilliam and red-hot radicals like Alderman Wood. His attention to detail was prodigious and he obviously possessed the most important yet elusive of political qualities – charm. He was always relaxed, cool and courteous, yet rock-like in basic principles derived from Fox.

This biography is easy and enjoyable to read, not profound in itself but driving one to brood on the complexities of politics and the art of governing in a changing world where the future was hard to forecast. Some of our cabinet could read it with advantage. Dorothy Howell-Thomas is to be congratulated for resurrecting a remarkable man not only important in his day but significant to posterity.

Questions of imperialism

"WHO ARE these Victorians? By what mark are we to know them? What creed, what doctrine, what institution was there among them which was not at some time or other debated or assailed?"

THUS G.M. Young in his *Victorian England: Portrait of an Age*. We will find a partial answer to the question in this excellent biography. But the answer will be disconcerting. Much of the value of *Thangliena* lies in the fact that the biographer, ostensibly narrating the life of a typical "Guardian" in the old Anglo-Indian mould, reveals the inner man.

Lewin was a Victorian imperialist; born in 1839, he died in 1916. He was characteristic of his age and class in his energy, range of interests and accomplishments, his undoubted devotion to the Lushai Hill Tracts tribesmen he first vanquished and then ruled paternally. But Lewin was consumed nevertheless by hatred of "this beastly country", and burdened with longing for an English arcadia where he could gain peace of mind.

Lewin did not find that peace; even in retirement he was reduced to depressed resignation, solace in music and tobacco. Unfeeling parents, unhappy schooldays, and the horrors of the Mutiny through which he fought aged 18, may have shaped his temperament into a pattern whereby the surface was all action and decision, the background dark and obscure. Such a psychological evolution was not uncommon with imperialists, who devoted much of their lives to unselfish service yet could never find true fulfilment therein. These Victorians, who brought a kind of law and order to the world – even if a punitive expedition always remained to back them up – were conscious to a degree which perhaps we fail to appreciate today that "the day's work", as Kipling expressed it, begged more questions than it settled.

James Abbott amongst the Hazara, Robert Sandeman amidst his Baluchis, faced the problem which confronted Lewin on the distant frontier between Assam and Burma, one which John Whitehead describes so well. He narrates Lewin's experience in the 1860s and 1870s of nearly a decade of endeavour in a destructive climate. Did the Lushai and Chin Hill tribesman accept "pacification"? Up to a point. Did these tribes want schools and telegraph? Yes, very much up to a point. Was Lewin's zealous work interpreting and transcribing their dialects appreciated? Yes, and it is here that we can see why these men of the wild green earth called Lewin "Thangliena", the "Lushai's first white friend".

THANGLIENA: A LIFE OF T H LEWIN
by John Whitehead
Kiscadale Publications £25, 437 pages

Lewin was so honoured – much as a tribe in Iraq called itself the Beit Mackenzie, "Mackenzie's people", in memory of some otherwise forgotten son of empire – not because he subdued, ruled and succoured them, but because he identified himself with them, living as a man amongst men rather than as a ruler amongst ruled. He did so in the hope of answering that nagging Victorian question: for what purpose am I here, in wilderness or by the Surrey pine to which, his health broken, he rather prematurely retired. Answer came there not; doubts multiplied, about religion, about women about himself.

Yet Lewin left his mark, and in an imperial context after all. The Lushai and Chin tribes were courageous guerrilla warriors in the second world war, and succumbed to no Japanese lures. One hopes that, in some Victorian nirvana, Lewin had his question answered at last.

Anthony Verrier

Jaw, jaw about war, war

COLLISION of Empires is not one book but three. Its sections – on the wars against revolutionary and Napoleonic France, and the First and the Second World Wars – are separate works. They all just happen to be about long wars since 1793 in which Britain was involved.

The book lacks two of the characteristics necessary for a contemporary historical bestseller: copious illustrations and a price under £25. But it has the rest. It is very long, very readable, very detailed, crammed with footnotes evidencing colossal research; and it purports to address a "big question": how did Britain's experience of the three wars compare?

Mr Harvey barely begins to answer that question, but his lucidity and erudition are not to be gainsaid. As an account of the inter-connections between politics, diplomacy and military strategy in three European wars since 1793, his book is masterly, full of insight and sympathy. The minutiae – pages, for instance, on the origins of the Machine Gun Corps and why Sir John French was not sacked earlier as commander of the British Expeditionary Force – can be oppressive, but Harvey's grasp of constitutions, dynasties, strategy, technology, national accounts, and more besides, is remarkable, dazzling professional and bedtime readers alike.

Harvey has an eye for the vivid quotation and cutting aside. After a survey of the chronic incompetence of pre-1914 Habsburg administration, he remarks, "only an Austrian archduke could have fallen victim to a second assassination attempt in one day." Tannenberg, Ypres, Verdun, Caporetto, the Somme, "toll the passing of an age that was unprepared for its own demise and died hard." Stalingrad was "only the nemesis of a consistently hubristic style of campaigning."

The hubris, and the insulation of military and political élites from the horrors of all three wars, are deftly intertwined with passages on the technicalities of tanks, gas, average earnings and high-definition radar. "Generally," Harvey opens one chapter, "the military favoured new or improved ways of killing people." Like the fusilier who wrote back from the trenches of the Somme, "If hell is any worse I would not like to go to it"; or the First World War air squadrons in which the mention of casualties or enquiries about colleagues missing at mealtimes were forbidden; or the hundreds of German youths whose names are inscribed on gravestones in Bergfriedhof, Heidelberg, "the gazetteer of Nazi advance, retirement and collapse."

But when it comes to the "big question", one looks in vain for an answer. There is no systematic comparison of the three wars, even by way of conclusion. Indeed, it is not clear why the war against revolutionary and Napoleonic France is included at all. A three-page introduction says it is on the grounds that "in a sense, at least as regards Britain, it belongs to the era of 20th-century warfare", while "the assumptions behind the decision for war in 1914 and 1939 will be more clearly understood if the earlier war is taken into account."

COLLISION OF EMPIRES: BRITAIN IN THREE WORLD WARS 1793-1945
by A.D. Harvey
Hambledon Press £45, 784 pages

In a sense, yes; in many others, no. As for the assumptions, the evolution of post-unification Germany, the Irish question, and the exigencies of late-Victorian and Edwardian imperialism would add more clarity to the decision for war in 1914 than pages on George III as a national symbol, or paper roubles in circulation in the 1790s. For a book ostensibly about empires, there is remarkably little about empire, either at the theoretical level or by way of description of the imperial dimensions to the three conflicts under examination.

Much of the book is not even loosely related to the theme of Britain in three world wars. Calling them "parallel cases" and suggesting that they might give us a "clearer idea" of British motivation does little to make relevant lengthy sections on why Turkey, Italy, Greece, Portugal and the US did or did not declare war in 1914. Ditto the fascinating discussion of the varieties of fascism, and of "isolated ideologues" of similar ilk in Belgium and France. "Aspects of the three wars which tickle the author's fancy" would be a more apt sub-title.

Only in the final paragraph is there a hint of an over-view, when Harvey half-heartedly invokes a cycle from "national wars fought without national leadership, as in 1793-1815" to "wars fought by national leaders determined to survive in their bunkers while the nation as such perishes in the nuclear holocaust outside." But who *was* "the nation" in 1793, and how was it able to go to war for 22 years without its "national leaders"? True, Harvey is somewhat confused about the identity of the leaders. At one point William Pitt is "a royal servant surviving by royal favour"; later he is "no royal stooge" and only "ostensibly" George III's servant. But whether George III, Pitt or Wellington were at the helm, it would be intriguing to know how the French wars are supposed to have been fought without them.

To be fair, Harvey gives a response to such carping in the concluding sentence. "We will know better," he informs us, "where we are going when we have got there, and a book like this one cannot be more than an attempt at an interim report." If the interim report takes 756 pages, keep a retirement or two free for the final solution.

Andrew Adonis

Fiction

Mysterious Lilli

SINGLE people often have a surrogate family, the sort now called nuclear, good listeners over the washing up, reassuringly domestic. "Fish Pie", the second chapter of Gabriel Josipovici's *In A Hotel Garden*, consists almost entirely of dialogue over a family supper, with interruptions from the sharp-eared son. Even the adult talk is elliptically plain although, like ordinary chat well recorded, it suggests what may or may not be, what happened or did not or might have done.

Ben has been on holiday in the Dolomites and, back in London, is telling his friends Fran and Rick about it: well, something about it. Earlier, walking the dog, he has told Rick how his girlfriend Sand left him straight after the holiday and, with relief, he disposed of the debris in black plastic bags. Narrative then tells more of what happened on the holiday, a meeting with Lilli, a Jewish woman on her way home from Siena, where she was looking for her grandmother's past; a great mountain walk with her; Lilli's stay in Siena, reliving a family farewell made final by the Holocaust.

Of all this, Lilli's Jewishness in particular, Ben understands little, though he feels much and guesses something. Lilli's experience of the hotel garden in Siena, and Lilli herself, remain mysterious to him, glowing with some inner importance, some experience of ineffable pain, some perhaps misunderstood metaphor. This extraordinary book can be read in an hour, but it glows on in the senses like the rock on the postcard Ben sends his friends that, touched by the setting sun, glows in the darkness.

Almost without descriptions except of landscape in the mountain walk, it offers a kind of otherness in which each question leads to another, each door opens, like the hotel door onto the garden, onto other lives, memories and cultures, asking complex, endlessly circular questions.

Roger Scruton's *Xanthippic Dialogues*, a riotous send-up of scholarly writing, can be read in two ways. You can read the footnotes, which are numerous and often long, ignoring the text but ending with the index, which of course will take you back to it. This index is said to be compiled by one of Flann O'Brien's creations, H.P. de Selby, and needs cryptographic talents, since most of its names do not appear in the text, only echoes of them, internal quotations, hints and ideas.

Or you can read the text, supposedly discovered in modern times, under odd circumstances. Socrates' wife Xanthippe, Plato's mother Perictione, his sister Potone and his nurse Castollux, Praxiteles' model Phryne and assorted ancient Grecian ladies are assembled to rethink and humanise our philosophical past and put the record straight. Each is a vivid character, Xanthippe vividest of all: not a shrew or a harpy as history remembers her, but a sympathetic, sharp-witted, clear-eyed companion to the less than heroic curmudgeon she calls Socks.

If philosophy seems an unlikely subject for comedy, try this.

Robert McCrum's *The Psychological Moment* suffers by comparison with two such companions, having neither numinous qualities like the first nor scholarly fun like the second. Of course plain realism may produce as good a result, but in this case it seems inadequate for its subjects – betrayal, grief and guilt. It is an upmarket thriller about dirty tricks in Northern Ireland and, because the narrator went to live in America when he was nine and grew up to become one of Jimmy Carter's speechwriters, it is written in American English.

Dense and often confusing in its action it has Sam Gilchrist, born Seymour le Fevre, writing an account of things that happened years earlier, a task of filial impiety made possible by his father's death. For the first chapters, when it is impossible to know what weight to give people and events, things remain uninteresting – near names, places and historical signposts: not mysterious, simply a jumble of fictional facts. But later they pick up character, the pace quickens and its Anglo-American view of English life throws new light on familiar places. It may be faint praise, since it clearly aspires to more, to call it a good read; but so it is.

Isabel Quigly

IN A HOTEL GARDEN
by Gabriel Josipovici
Carcanet £12.95, 148 pages

XANTHIPPIC DIALOGUES
by Roger Scruton
Sinclair-Stevenson £15.99, 277 pages

THE PSYCHOLOGICAL MOMENT
by Robert McCrum
Secker & Warburg £14.99, 225 pages

Rape – or murder

IN A hotel room in San Francisco, America's most famous modern novelist lies dead. Next to him, still clutching the gun that killed him, a beautiful woman struggles to rearrange her clothing. She is a nationally known TV journalist and she has just fended off a rape attack, the kind of attack associated with the likes of Mike Tyson or William Kennedy Smith. She has been forced to kill to protect her honour – or so she claims, and who is going to argue with her?

Yet there is no evidence of sexual arousal in the victim and the scratches on the woman appear to have been self-inflicted. She certainly could not have fired the gun the way she explained it to the police. Was she really attacked or is she only faking? And if she is faking, why?

Step forward Californian lawyer Christopher Paget, world renowned as the man who uncovered a Watergate-style scandal a few years back and forced the resignation of America's President. Paget is the man to defend the woman on a murder charge, if anyone is. He knows her very well, after all. They enjoyed a brief fling 15 years ago and have a son to prove it.

But is the mother of his child really to blame for the killing, and if so, how much to blame? The degree of guilt is impossible to judge in a case like this. It is a subject that has been extensively aired in real life recently and the author makes no secret of his debt to the Kennedy Smith trial and the Anita Hill-Clarence Thomas sexual harassment case. He tells a good story, though without the dramatic flair of a Scott Turow. But it should make a splendidly slick movie in due course.

The victim in *Degree of Guilt* was America's most famous living novelist. In *Hands On*, a second novel by Andrew Rosenheim, the victim is America's most famous living poet, a four-times married old reprobate who is the father of computer whizz kid Robert Madison. Robert has abandoned a professorship at Harvard for a job at Oxford, where he is the Artificial Intelligence guru for an electronics company, charged specifically with the task of teaching a computer to write.

The author is obviously talking from the heart because he himself came to Oxford as a Rhodes scholar and stayed to become Director of Electronic Publishing at OUP. He is as well placed as anyone to make a computer write, one day. Meantime he is indulging in a little wish fulfilment with a blackly comic tale of computer programming and corporate life in the electronics world.

It is an engaging piece of work. Madison eventually persuades the computer to write poetry indistinguishable from his father's, thus revenging himself for the old boy's bad behaviour during his childhood. One could name a few novelists in the same spirit, whose stuff has clearly been written by computers for years . . .

Happily, Jay Parini would not be among them. His historical novel *The Last Station* won a small prize in America a couple of years ago and deserves to succeed here as well. It tells the story in six different voices of Leo Tolstoy's last days, as seen by the various factions warring round him – his wife, daughter, doctor, secretary, chief disciple and hanger-on – and last, but not least, as seen by Tolstoy himself.

Parini has used historical records whenever possible, but where there are holes in the narrative he has cheerfully plugged the gap himself. The result is a very plausible study of Tolstoy's terminal decline, beginning with unhappy days at Yasnaya Polyana and continuing via his sudden departure from home to his last illness and death at Astapovo station, surrounded by more than a hundred journalists from around the world. The story is perfectly well known, but Parini manages to bring it alive again, as if the reader is there, rather than simply reading about it, which is a much harder trick than it looks.

David Dabydeen's *Disappearance* is an allegory of England in decay, as seen through the eyes of a young Guyanan working on an engineering project near Hastings. The Guyanan's job is to shore up a cliff and so prevent a village from crumbling into the sea. He makes friends with his landlady and learns much from her about the failings and inadequacies of his adopted land.

It is all so very different from the mother country he had admired from afar, as a youngster in the Caribbean. Even the sea wall is suspect, after he has completed it. The author's message is uncompromising, but he writes well, even lyrically. Guyanan himself, he has chosen to make his own home in England, so perhaps the country is not quite as hopeless as he depicts it here.

Nicholas Best

DEGREE OF GUILT
by Richard North Patterson
Hutchinson £14.99, 548 pages

HANDS ON
by Andrew Rosenheim
Mandarin £5.99, 282 pages

THE LAST STATION
by Jay Parini
HarperCollins £14.99, 290 pages

DISAPPEARANCE
by David Dabydeen
Secker & Warburg £7.99, 180 pages

The face of screen violence: Pinhead, the 'pope of Hell' in 'Hellraiser III - Hell on Earth'

Screen/**Nigel Andrews**

More rows about the rough stuff

IT BEGINS with a dust-storm on the horizon; swells to a giant twister; then howls through the land turning homes to matchsticks and humans to tumbleweed. It is turbulent and merciless; it is as regular as Christmas.

The violence-on-the-screen debate, in case you have been on another planet, is back again. In the cinema, fate or chance or Hollywood have appointed 1993 the Year of the Shocker. Films like *Reservoir Dogs*, *Man Bites Dog*, *Hellraiser 3* and next week's *Candyman* – the last two films courtesy of our own Clive Barker – ensure a high blood quotient in the cinema. *Henry, Portrait Of A Serial Killer* has re-opened debate in the video arena. And TV we know about from our own PM, though his idea of an average evening's viewing seems to differ from that of others.

All this plus a new book, *Hollywood vs America* by Michael Medved (HarperCollins, £17.99), presenting in print the case for family values and the Moral Right: 370 pages of anger and sorrow on every supposed exemplar of movie mayhem, from A. Schwarzenegger to B. DePalma via M. Culkin. (The star of *Home Alone* gets a knuckle-rap for the way he treats burglars.)

This row about rough stuff in the movies – let me leave the small screen to other specialists – returns every decade and brings out the worst and best in everyone. Twenty years ago it was *A Clockwork Orange* and *Straw Dogs*; ten years ago it was the video nasties. Now it is "Should we or should we not encourage films about serial killers and snuff film-makers?" These two are the flavour of the season. And the season began last year with the big-screen release of films like *Henry*, *GoodFellas* and *Basic Instinct*, plus the startling Oscar-sweep of *The Silence Of The Lambs*.

This year's New Violence builds on those examples, especially on *Lambs* and *Henry*. The first offered a documentation of the physical/surgical realities of a supposed serial killing case, plus a consultant psychopath (Anthony Hopkins's Hannibal Lecter) who mesmerised the world with his mixture of beast and boffin. The second aired the hitherto all-but-taboo topic of snuff movies and DIY voyeurism in the video age.

Linking the two films, and their 1993 offspring, is the notion of murder not for gain but for sport, spectacle or (in Lecter's case) sardonic pseudoscience. *Man Bites Dog* has a "hero" who records his own brutal killings on video-camera. *Candyman* has a serial psychotic who wields a hook. And the scene in Quentin Tarantino's *Reservoir Dogs* which had hardened critics and fellow film-makers gasping in shock or even exiting the cinema featured a crook torturing a cop with a razor.

What made this scene unnerving was not any physical explicitness: indeed the camera cut away at moment of impact between sharp instrument and about-to-be-severed ear. It was the fact that the torturer admitted to having no information he wanted to extract. He merely enjoyed torturing.

Each new movie-making age finds a new stratum of evil to explore, and each new movie-*going* age must decide if the works on show are honourable or meretricious. If the second, the usual two-word charge sheet reads "gratuitous violence". But what marks out today's cinema of cruelty is that the phrase has lost pejorative point in an age when films featuring brutal or sadistic events are *about* the excitement that characters obtain from that seemingly motiveless cruelty. The phrase "gratuitous violence" moves from a description of the film's sensibility to a definition of its subject.

Years of censorship tradition and media moralising have decreed that murder, torture or beating are justified as a dramatic spectacle if there is a sound dramatic reason or motive. It can be for *crime passionel* or revenge; it can happen in the hurly-burly of a crime or robbery; it can be the cathartic rough justice meted out in last reel by hero to villain.

What it cannot be is violence for fun. Hence the seminal brouhaha, two decades ago, over Kubrick's *A Clockwork Orange*. This featured a gang of London bovver boys who beat up whom they chose and how they chose, wafted from one attack-ground to another on a tide of sadistic impulse. When a series of "copycat" crimes followed the film's release in Britain, Kubrick withdrew it and has not allowed it to be shown in UK cinemas again.

It remains a moot point whether a film like *A Clockwork Orange* actually creates violence or gives a new style and direction to those already waiting to *commit* it. Those who rush to the censorship prescription disregard this point along with many others. To author Michael Medved's credit in *Hollywood vs. America*, he condemns the folly of official intervention. But like many denouncers of screen violence who also denounce statutory censorship, he is censoriously devoted to the notion that a broader type of copycatting exists: whereby impressionable filmgoers catch the "general" habit of violence from a film even if they do not mimic the specific deeds depicted.

The evidence – and Medved cites yards of it – still fails to prove that this broader form of imitation exists. It seems at least arguable that movies take their cue from life as much as, if not more than, life does from movies; and that the eruption in the early 1990s of films about violence for violence's sake is a response to a world where, long *before* the 1990s, the chronicling of cases involving crimes-for-kicks or obscurely motivated brutalities has occupied many a Western newspaper page.

What disturbs us about films concerning violence-for-pleasure – those in which gratuitous violence moves from style to subject – is the seeming motivational void around the crimes or outrages and the viewer's inability to get a moral handhold on the subject.

There is no easy catharsis in films like *Reservoir Dogs* or *Man Bites Dog*, as in the make-my-day violence dispensed by hero to villain in films from *Dirty Harry* to *Under Siege*. There is no supernatural get-out clause, as in a horror film where everything can be blamed on the Devil or the Beyond. Above all, there is no ready moral which we can extract *after* the film, which might make up for our bewilderment during it as we search for motive/reason/explanation.

No ready moral except one. The box-office revenue proving that we the public are drawn to films like these, by the tens of millions, suggests in turn that violence-for-thrills is not really an arcanum at all. We all recognise, even when we most cry innocence or ignorance, the attraction and excitement of "gratuitous" violence. And we all respond – licenced by the fantasy that we are watching fiction – to the queasy truth that lucid intelligence can co-exist with human bestiality (Hannibal Lecter).

We also live in a world besieged day by day by the evidence of "motiveless" crime or cruelty for kicks. Do the movies shape monsters or do monsters shape the movies? If the next frontier in the Cinema of Violence is the film where violence is its own reward and excitement, human beings might turn the light of enquiry onto themselves before shining it censoriously on a genre they pretend to condemn as alien when it may be a part, however small, of each of us.

Off the Wall/**Antony Thorncroft**

Question of attribution

HAVE THE sackings in the London auction salerooms, which have claimed some well respected experts, combined with intense pressure on specialist departments to hit profit targets, had a debilitating effect on the veracity of the auction rooms' catalogues?

In the current recession fewer good items are being put up for auction, but dealers complain that not only has there been a substantial falling off in quality in recent months, but also in the accuracy of the catalogue descriptions. In pictures, the main complaint is that the actual canvas can bear little relation to its glossy photograph in the catalogue: anyone foolish enough to bid without viewing the lot could be disappointed with their purchase. But generally, catalogue entries on paintings, especially expensive paintings, are almost overburdened with information.

The problem lies in sectors where time causes wear and tear to antiques and the restorer has been active – notably ceramics and furniture. One recent sale in particular, of furniture at Sotheby's in February, has caused a great deal of concern among dealers, many of whom felt that some lots were not all that they were made out to be.

Dealers are in an invidious position. They are both the great rivals of the salerooms and also their best customers. Many of the doubtful lots will at some time have passed through the hands of dealers and carry their attributions. Dealers also make their biggest profits when their expertise enables them to snap up poorly catalogued treasures. But they also worry that if a private collector buys a wrongly attributed antique the whole business suffers in the long run.

Furniture dealers are never likely to agree with all the catalogue entries but in this auction the criticisms were vociferous. "Surely those 18th century wall lights are modern?" "That Queen Anne armchair has new legs. They are described as 'good' but if they are they justify an estimate of £10,000, not £5,000". "Those 18th century armchairs have modern needlework". "These 18th century pier glasses have 20th century carving".

One particular lot caused a great deal of concern. A pair of parcel gilt window seats, which sold for £30,000, was reckoned to be modern. And so it went on. (Sotheby's disputes the fact that it is cutting any corners. Furniture expert Charles Walford had re-examined the above mentioned pieces when making condition reports and "saw no reason to doubt them whatsoever".)

Many of these opinions might be debatable but there was enough consensus for the dealers to be taken seriously. They do not blame the cataloguers. They attribute any solecisms to the extra workload caused by the staff cuts at the auction houses, and the pressure to make every item seem attractive, an impossible task when only the most desperate owners will dispose of decent objects in the current depressed market. One prominent dealer described a catalogue as "just a load of lot numbers."

Now that the salerooms frequently sell direct to the private collector they must make sure that, in difficult times, they do not sacrifice accuracy in the pressure to achieve turnover targets.

★

Last year a half of all the West End's box office money came from just ten long running modern musicals. In 1993 it should be even higher with the successful launch of *Crazy for You*, and with *City of Angels* and *Sunset Boulevard* to come. The public's appetite to forget its troubles with escapist nostalgia knows no bounds.

Anyone foolish enough to bid without viewing the lot could be disappointed with the purchase

In the two days after it opened last week *Crazy for You* took almost £300,000 at the box office, a record for producer Michael White. But then *Crazy for You* is a big show in every way. It re-opened the Prince Edward Theatre, refurbished at a cost of £3m, and it cost another £3m to put on. The money comes from Roger Horchow, and his friends.

Horchow is an American mail order magnate who sold out to General Cinema for $117m – which allows him to indulge his passion for the music of the Gershwins. It is proving a profitable passion: he is recouping handsomely on the Broadway production, and, despite weekly running costs of £150,000, the exuberant West End show, with its old fashioned values in terms of costumes, chorus girls and ritzy song and dance numbers, should hit the spot with the middle aged, the middle class, indeed middle England generally – traditional theatre goers who in recent years have been starved of product.

★

So farewell, then, the Arts Council of Great Britain, Lord Keynes' idealistic post-War creation which was to usher in the Brave New World. In an almost unrecorded move the government's lukewarm sop to Scottish nationalism this week deposited the ACGB to the dustbin. Now Scotland and Wales will have their own independent Arts Councils and there will be an English Arts Council operating in London. An Act of Parliament will be needed to make the changes official.

It all seems very messy. The Secretaries of State for Scotland and Wales will hand over the annual subsidy to the Councils but the actual sum, in theory, will still be negotiated from the Treasury by Peter Brooke, the Heritage Secretary. As things stand at the moment the projections are that the grants for the next two years will represent real cuts in funding. Surely the Scots and the Welsh will not stand for this at the start of a new regime.

The arts in Scotland and Wales could gain from the inevitable politicking. Just before the election last year the Scottish Office somehow found £500,000 to help Scottish Opera out of a financial embarrassment. Welsh National Opera also received a sizeable hand out from the Welsh Minister. Local pressures could mean that the main arts organisations in the two countries will do well out of the new arrangements by playing one Minister off against the other while the English Arts Council may become a poor relation.

WHEN Claudio Abbado hosted a dinner for the Berlin Philharmonic Orchestra during last month's Italian tour, he told the musicians he did not want to be called *maestro*. "I'm Claudio – for everyone", he said. Returning to Berlin, orchestra and conductor plunged into rehearsals for a concert cycle inspired by the late 18th century German poet Friedrich Hölderlin – featuring composers as diverse as Ligeti, Rihm and Reger.

No two events better symbolise the changes in Europe's leading concert orchestra since the death of Herbert von Karajan in 1989. No-one would have dreamed of addressing Karajan by his first name, nor would he have championed the 20th century programmes that dominate the orchestra's 1992-3 season, the first to bear Abbado's stamp as artistic director.

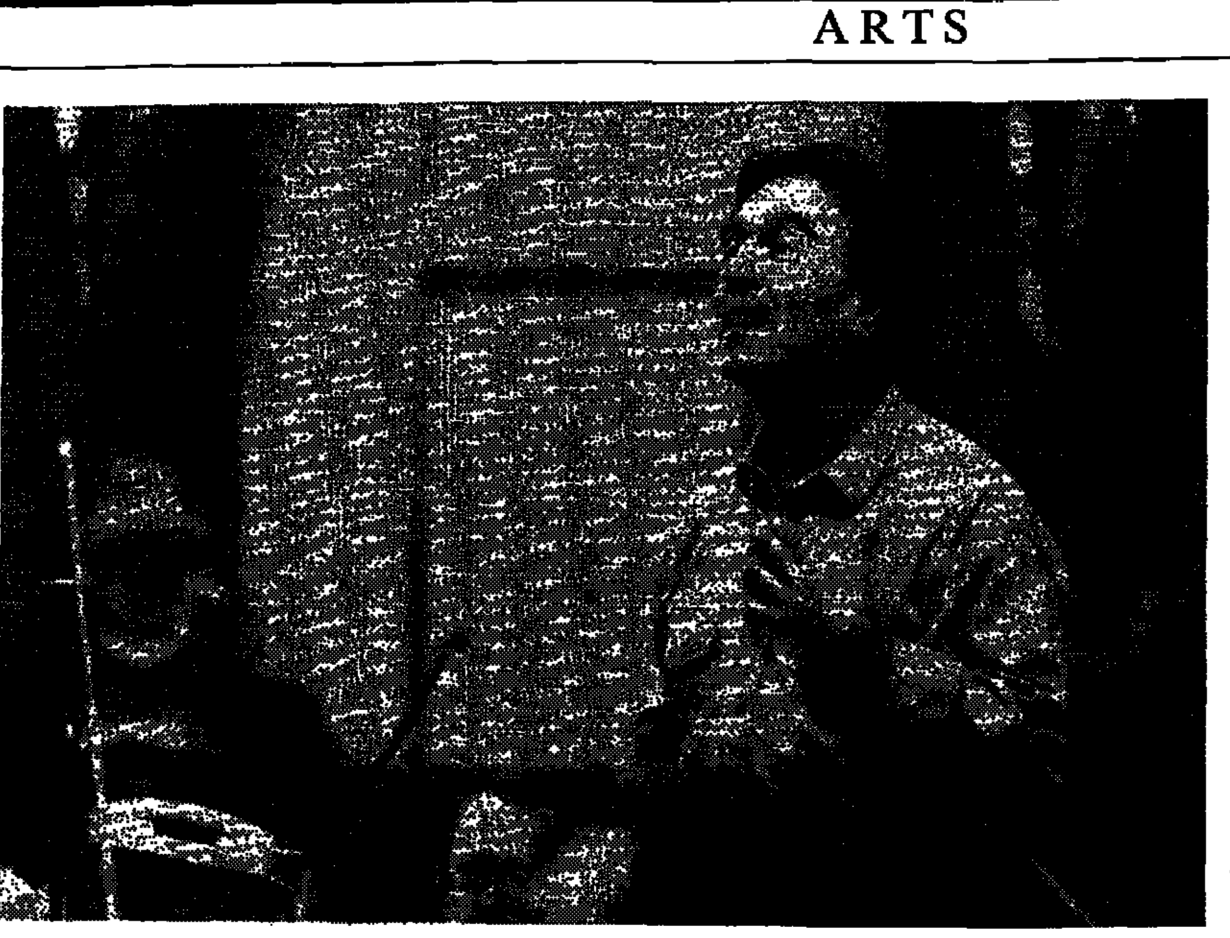
There was bound to be a reaction to Karajan's 35-year reign, but few can have imagined it would be so fast and sweeping. In the vacuum after Karajan's death, the musicians seized the chance to move out of his shadow and modernise their image. Abbado was the conductor best equipped to share responsibility for the changes.

Where Karajan was authoritarian, Abbado is mild and approachable. Conflicts which marred relations between chief conductor and orchestra in the 1980s are unlikely to be repeated. The musicians now have more control over their working conditions, personnel and recordings than any other contract orchestra. Tours are no longer dependent on Karajan's behind-the-scenes deal-making: the orchestra goes where and with whom it wants – in May to London with Bernard Haitink, followed by Israel and the US with Abbado. The emphasis now is more on the music than the man in charge.

But Abbado is no door-mat: he has set out his artistic agenda and won the orchestra's loyalty by virtue of his musicianship and imagination. Despite warnings from the prophets of doom, expensive projects like last year's concert performances of *Il viaggio a Reims* and this month's Hölderlin cycle have been an artistic and box-office success.

Abbado's repertoire and skills have nonetheless proved double-edged. Widely respected for his Mahler and Brahms performances, he has yet to prove himself in other core areas of the orchestra's Austro-German tradition. His Mozart, Beethoven, Bruckner and Strauss lack the authenticity he brings to Berg, Musorgsky and Verdi.

Nor is he a sound-merchant in the Karajan mould. The orchestra's distinctive *Klang* has lightened up, becoming more slender and digestible, less luxuriant. The increase in 20th century repertoire may be partly responsible. The orchestra has also started engaging conductors with a distinctly un-Karajanesque concept of sound, like Nikolaus Harnoncourt and Pierre Boulez. Another contributory factor is the turnover of personnel since the late 1980s –



Claudio Abbado in rehearsal with the Berlin Philharmonic: the orchestra is now younger and so is its repertoire

Berlin after Karajan

Andrew Clark finds Claudio Abbado revitalising the orchestra

the orchestra is noticeably younger, more international.

But the brighter, more energetic sound also reflects Abbado's technique and personality. He is less of a perfectionist than Karajan, less disciplinarian. Where Karajan kneaded the sound in circular motions, gathering it and controlling it in a tactile manner, Abbado is more spontaneous in performance – the arms flung open, the overall effect more explosive. The orchestra sounds less like a machine, the music less awesome and remote.

Unlike its chief rival, the Vienna Philharmonic, which guards its tradition without recourse to a chief conductor, the Berlin Philharmonic has invested heavily in change. Under Abbado, it is becoming a less exclusive, more versatile and forward-looking instrument. In the competitive musical world of the 1990s, the two are counting on each other to make it work.

★

The Berlin Philharmonic's Hölderlin cycle opened with three sold-out Abbado concerts contrasting Hölderlin settings by contemporary and Romantic composers. Abbado also took part as conductor and pianist in a chamber music programme of Nono, Maderna, Kurtag and Holliger.

The choice of theme reflects Abbado's knowledge of and identification with German culture, as well as his familiarity with postwar Italian composers who have been attracted to Hölderlin's world. Hölderlin (1770-1843) is a poet whose verse expresses a longing for the spirit of the classical era and a belief in nature and beauty as healing forces. Mentally ill for the last 37 years of his life, he continued writing in fragments.

Hölderlin's musical appeal lies in the melody and rhythm of his verse, as well as the purity of his German. The challenge facing the composer is to preserve and, if possible, enhance this appeal. Giacomo Manzoni's *Hölderlin frammento* for chorus and orchestra came over unmistakeably as a post-1960s product – a complex web of aleatory effects and choral echoes, requiring the musicians to scrape and stamp their feet, and ending appropriately with the poet's words "Pardon if I do not make myself well enough understood".

By contrast, Wolfgang Rihm's waif-like *Hölderlin-Fragmente* for baritone and orchestra captures the mood of innocent isolation in the text, using simple brush strokes for each word (cleanly enunciated by Johannes Kösters). Ligeti's *Drei Phantasien* for unaccompanied chorus shows a similarly keen and detailed response, avoiding the self-conscious vocal effects of Heinz Holliger's *Die Jahreszeiten* or the anaemic quality of the Hölderlin extract from Nono's *Prometeo*. Only Richard Strauss, in his *Drei Hymnen* (sung by Karita Mattila with Elysian beauty of tone), rode roughshod over his material, clothing it in the same majestic-heroic flourishes he applied to everything else.

Thanks to its vivid contrasts and Abbado's inspired direction, the main programme had a powerful cumulative impact, ending with the nostalgic glow of Reger's *An die Hoffnung* and the heavenly harmony of Brahms' *Schicksalslied*. The chamber music concert, less convincing in overall effect, included a soporific 45-minute recitation from *Hyperion*, which I would have gladly sacrificed for a chance to hear Britten's Hölderlin settings. The Leipzig Radio Chorus, directed by Gert Frischmuth, made an outstanding contribution to both events.

Claudio Abbado conducts the Royal Opera's new production of "Pelléas et Mélisande" at Covent Garden, first night March 24. The Berlin Philharmonic gives its annual Europa concert on May 1 at the Royal Albert Hall, conducted by Bernard Haitink

Poetry in Performance/**Michael Glover**

Russian soul bared

"WE ARE AGAINST the McDonaldsisation of life! We are against the international conspiracy of vulgarity against human subtleties" thundered the Thunderer himself Yegveny Yevtushenko, poet of all the Russias, who flew into London this week for an unexpected two-date tour which began in the cramped surroundings of Waterstone's, Charing Cross Road.

There is no-one else quite like Yevtushenko in the world of poetry. His demeanour is that of a man accustomed to being fêted the world over – the Hollywood-like aura of his personality; the extravagance of his charm; the peackockish nature of his dress, which included a tremendous woollen scarf as red as the Red Flag itself (though made by Burberrys); the dramatic exuberance of his verbal delivery.

Yevtushenko is the populist demagogue of poetry, a filler of football stadia in his native land; the poet whose books move off the shelves faster than bread. All his life he played a dangerous, venturesome game with the Soviet authorities, sniping at the heels of the tsars of communism. He never emigrated; he preferred to fight the system from within and, like Neruda in Chile, he became an Untouchable: too popular to be made away with; the licenced beast; the conscience-solver; the token of liberalisation who was rewarded with his dachas and permissions to travel when and wherever. But was he puppet or puppeteer?

Now in his sixtieth year, he seems as irrepressible as ever, ranting and charming by turns: punching his fist into the air, kissing the hand of his English publisher – the very personification of the virtues and style of Old Mother Russia, whose travails he continues to lament in his poetry. The fact is, of course, that the two are indistinguishable. And no, it is not mere vanity when he says, as he did this week, "For me, the most important thing is to express myself. My main fear is the experience of this life could just be gone – dissolved in the abyss of oblivion". The fact is that he *must* survive in order to speak for Russia's soul. Russia needs him. But he has learned a thing or two by surviving so long. "Yes, I am praying," he told us. "I'm working for the future of Russia – but all prophets are false. I was an MP for three and a half years, then I happily left this field. In the beginning politicians are innocent liars – they are forced to lie by *us*. I am a poetician, not a politician."

Some of the audience thought that delightful piece of wordplay too fine a distinction – but when he went on to read "Between the City of Yes and the City of No" in the original Russian, dancing and prancing on his toes, crossing his arms like a pair of flourished sabres, writhing his body like a snake, and turning up the volume of his voice to an almighty growl, it was quickly conquered.

India is the second-largest publisher of English-language books in the world, but its literature remains largely unknown in the west. To lighten our darkness somewhat, the Arts Council is currently touring a quartet of Indian writers, which include the poets Nissim Ezekiel and Meena Alexander.

The elderly Nissim Ezekiel, a spry, fragile figure in shabby grey flannels and blue plimsolls, is a poet of quick, darting, sardonic humour, who enjoys working in many different forms and, being a successful playwright too, projecting different personalities through his poems. One of a sequence of "very Indian poems in Indian English" entitled "Soap" dramatised an argument between a customer who had bought a defective bar of soap and a bristly, pugnacious shopkeeper. As Ezekiel explained to us, he is a poet who roams the streets of Bombay listening out for those quirkish turns of phrase and strange dislocations of language that give it spice and humour.

Meena Alexander, on the other hand, a poet who now lives in Manhattan and spent much of her early life shuttling between the Sudan and Kerala, was a more troubling figure altogether. Her poems often concern themselves with terrible acts of violence – racist incidents, murder, rape, beatings – but they were delivered to the accompaniment of such winning gestures, and with such a high gloss of charm, that we quite forgot ourselves in them.

Concert/**Max Loppert**

Harvey's Passion

IT HAS taken 12 years for *Passion and Resurrection*, Jonathan Harvey's 1981 "church opera" for Winchester Cathedral, to make the journey to London. At Westminster Abbey, on Thursday, it left a remarkable impression – a 90-minute work of controlled mastery, economical in its forces (15 singers taking 18 parts, small orchestra), sure in their employment, and hypnotically powerful in overall effect – and so the delay seemed equally remarkable. Plainly, *Passion and Resurrection* ought by now to have won for itself a regularity of performance comparable at least to that of the Britten Church Parables, of which it is a distant relative.

Harvey's aim was to make his drama – 12 scenes showing the final episodes of Christ's life, followed by his death and resurrection – flower out of church service in the manner of the medieval church dramas. So the opera is enclosed within a liturgical event, and the audience is invited to join in the congregational singing of plainsong hymns and the concluding Alleluias and Amen. But, far from proving too limiting, too "localised" in scope, the blend of opera and liturgical ritual has been so precisely achieved that even to an outsider to Christian worship it affords a wholly gripping experience.

The nice judgment of where exactly to place those hymns – at moments of climactic intensity in the unfolding of the narrative – is just one token of Harvey's distinctive, confidently sustained artistic vision. He has bound his scenes (most of them dialogues supported by spare accompaniment) by means of instrumental interludes which vary in style, vocal idiom and language according to the dictates of the dramatic moment – from modern résumes of church-musical forms in modal harmonies to agonisedly angular non-tonal outbursts.

Another token of the composer's skill, highly yet unassumingly theatrical, is his placing and contrast of timbre – "antique" brass echoing awesomely, the shiver and tremble of percussion, the haloes of high harmonics painted by the strings around the recitative. With beautifully calculated and contained radiance the austerity of the male-voice-dominated ensemble is eventually relieved by the female-voice incursions of the "Resurrection Garden", which builds to a concord of honestly attained grandeur.

The sum is a purposeful, compelling modern revival – from the inside, as it were – of an ancient artistic form. The text, extracted in modern-English translation (by Michael Wadsworth) from an Italian and a French medieval passion-plays, was on Thursday unclearly delivered by too many of the participants. This apart, the performance was of very fine quality – played by Docklands Sinfonietta, sung by Michael George (Jesus), Paul Agnew (Pilate) and Juliet Schiemann (Mary Magdalene) at the head of a devoted cast, and conducted by Martin Neary.

As the latest offering of the Arts Council's Contemporary Music Network, this simply staged *Passion and Resurrection* proceeds over the next ten days to the cathedrals of Canterbury, Liverpool, Sheffield and Llandaff, and to St Mary's Church, Bath. It is well worth catching in any of those places.

Radio/**B.A. Young**

Concern for the young

RADIO 1, with its usual concern for the young, gave *Rape is a Four-letter Word* on Monday (International Women's Day, celebrated only on Radio 2). Radio 1 followed a listen-to-me title with sensible advice from a judge, police officers, "agony aunts" of both male – and female-oriented journals and a psychologist. It is reckoned that only one rape in ten is reported; in three-quarters of those that are, the woman knows her partner. The expert presenter was Nicky Campbell, and he chaired a live discussion afterwards. "I was very drunk," one victim admitted. "I was only fifteen." More such programmes are clearly needed, with items like the helpline on 0800 850 800.

And indeed next day Radios 1 and 2 had a joint 90-minute phone-in, *Talking 'bout my Generation*, where the young and the adult voiced their respective concerns. What I heard was sadly full of old, rather Tory, thoughts. But next Monday Radio 1 begins its three-part *Consequences* about rape, pregnancy and parenthood.

In the circumstances, Saturday's *Body Politics*, Radio 3 on sex in the 1920s, had less than its potential interest. On Tuesday and Wednesday, *Out of the Shadows*, about the 1920s movies, was good on the reactions of European directors to the post-war explosion of the industry (led by the Americans); and Friday gave us two giants of the decade, Le Corbusier and T.S. Eliot.

Radio 3's Sunday play, Sarah Woods's *Silence in Blue* kept the sex offstage. Lisa, crossed in love and sad at an abortion, goes to Australia to recuperate, but decides instead to drown herself scuba-diving, when her unborn child flies up to the skies. A mixture of simple travel-information and interior thought, this struck me as one of the silliest plays I ever heard.

On Monday, Radio 4 did better with *Nothing Happens in Carmincross*, adapted by Mike Gerrard from Benedict Kiely's novel. The title represents the New York thoughts of Mervyn, an Irish-American; but how wrong he is, for Carmincross is in Northern Ireland, Radio 4's top drama locale. Mervyn (Ian McElhinney) links up with Deborah (Kate Binchy), an old flame followed about by her neglected consort Mandrake. After a look at Ireland, they attend a wedding party at a Carmincross hotel; a warning comes from the IRA, then a bomb that breaks up the party but reconciles Deb and Mandrake. This is reported in New York as a "distraction". Eoin O'Callaghan was the director.

Neil Kinnock was John Humphrys's victim in his courteously critical series *On the Ropes* (Radio 4, Monday). He was frank about what he confessed as errors and expressed no hope of being Party-leader again. Perhaps he should be in Radio 4's Friday series, *Famous for 15 Minutes*.

The Ghost of Thomas Kempe is a great story by Penelope Lively read through the week by Willie Rushton – the first Radio 5 youth-offering I have really liked, except the cricket. Kemp turns up in our own day as a poltergeist in the house where 10-year-old James lives, and tries to involve him in his activities, to everyone's alarm. Full of fun, and very well done.

On Sundays, the World Service series on South Asia has been covering religions. I caught this week's, on the Parsees and the Indian Jews. I learnt much about the Zoroastrian Parsees and their devotion to Ahura Mazda. Their numbers are dwindling, due to a housing scarcity, though the Hindoos have always been on good terms, apart from their Towers of Silence for the dead, which will not do in multi-storey Bombay. The Jewish settlements are diminishing too – they tend to move westward to Israel.

Chess No 965:
1 d7 Rd4 2 Rxb6 Kxf7(or Rxd7 3 Rh8+ 4 Rh7+ 5 Rxd7 and 6 h6) 3 Rh8! Resigns. After Rxd7 4 Rh7+ the h5 pawn queens.

RECORDS

Mozart: Die Entführung aus dem Serail: 1. Monteverdi Choir, English Baroque Soloists/John Eliot Gardiner. DG Archiv 435 857-2 (two CDs), and 2. Academy of Ancient Instruments Orchestra and Chorus/ Christopher Hogwood. L'Oiseau-Lyre 430 339-2 (two CDs)
Mozart: La finta giardiniera. Concentus Musicus Wien/Nikolaus Harnoncourt. Teldec 9031-72309-2 (three CDs)

Conductor John Eliot Gardiner: his 'Entführung' has a fizz and on-the-toes quality, while his Brahms requiem fields luxurious soloists

Monstrous many notes!

Max Loppert on the merits of Mozart opera on period instruments

DID THE Emperor Joseph really remark, after the premiere of *Die Entführung aus dem Serail*, "Too beautiful for our ears, my dear Mozart, and monstrous many notes"? The anecdote, often quoted, is probably apocryphal; but it contains an astute observation, which is perhaps the cause of its regular re-cycling. There is indeed a discernible imbalance at the opera's centre – between the slightness of its *Singspiel* genre and subject matter and the splendour, exuberance and sheer abundance of its musical substance.

Every bar overflows with marvels heightening the listener's delight and simultaneously putting at risk the spectator's sense of dramatic continuity. In every *Entführung* performance, whether in the theatre or on record, a basic problem of scale needs to be addressed at the outset – in oversimplified terms, the twin prongs of the dilemma are fulfilment of the score's extravagant demands, on singers and instrumentalists alike, versus maintenance of the necessary lightness of dramatic touch.

Two of the most recent recordings solve the problem more surely than most performances of the opera I have heard. It can be no coincidence that, unlike all previous *Entführung* recordings, these employ "period"-instrument orchestras: seldom have the merits of doing so – tonal mass solid but not oppressive, at-one-ness with voices, keenness of colour – seemed so obvious (and, since the playing is expert on both recordings, the familiar failings are entirely avoided). In both sets the dialogue is given in full (less on DG); so are the musical numbers (with, for instance, those hair-raising bars of far-flung decoration usually nipped out from Constanze's "Martern aller Arten") – yet not for a moment does the long opera drag or lag.

Hogwood's is the more intimate. He leaves the music to find its own shape and direction; he does not make it his business to underline every rhythmic accent or highlight every dynamic contrast. This works particularly well in the popular-song-type numbers such as the final *vaudeville*, an *andante* of the sort Gardiner tends to urge a degree too forcefully forward.

L'Oiseau-Lyre's leading singers are matched to the conductor's relaxed Mozart manner: the quiet-spirited, gentle-toned Lynne Dawson and the touchingly ardent Uwe Heilmann prove an unfailingly sympathetic leading couple, but their ability to cope with the numerous technical challenges Mozart threw their way is relatively modest – the brilliance that he relished in his first Constanze, Caterina Cavalieri, is here considerably dimmed.

The DG is based on the semi-staged *Entführung* production that Gardiner toured around Europe two years ago. There is a fizz, an on-the-toes quality to the execution that amply compensates for the conductor's occasionally over-rigorous beat: Gardiner's vitality, issuing as it plainly does from the desire to tap as much as possible of the opera's peculiar musical energy, is a fault on the right side. His Constanze, Luba Orgonasova, and Belmonte, Stanford Olsen, sing with ease, a quiet mastery of style, beautiful tone. They are true *Entführung* virtuosos, less affecting, in places, than their Oiseau-Lyre counterparts, but much more vocally assured.

DG's servant couple is preferable; neither Osmin, curiously, is quite up to standard; both Selims make a strong effect. I shall want to return occasionally to the old Beecham recording, for the incomparable charm and gaiety of his conducting; I shall want to hear again such recorded *Entführung* singers of the past as Patzak, Dermota, Wunderlich, Gerhard Unger, Edda Moser and Gottlob Frick. But for now at least, these are the *Entführung* recordings of choice.

Similar points can be made about the Teldec *Finta giardiniera*, latest in Harnoncourt's recorded survey of all the Mozart operas. This work, written seven years before *Die Entführung*, is even more difficult to keep in balance – an *opera buffa* which along the way disgorges two astonishingly grand, richly elaborated act-finales, a pastoral comedy for a septet of romantically entwined characters which becomes darkened by episodes of intrigue, jealousy and madness.

Again, the "period" orchestra is a source of new-minted pleasures and long-range dramatic possibilities unavailable on earlier *Finta giardiniera* sets; and an even longer Mozart opera is here also given in full, without making the listener long for the pruning scissors. Those expressive tics – self-consciously underlined orchestral articulation, extremes of tempo choice – that tend to divide the musical world into Harnoncourt admirers and Harnoncourt detractors are less in evidence here; the recording was taken "live" at a 1991 Vienna concert, but intrusive noises are few, atmospheric excitements plentiful.

Violante, the aristocrat disguised as the garden-maid Sandrina, is Edita Gruberova – pure and precisely focused, prodigious as ever in throwing off passages of ornate vocal tracery, but notably lacking lacking in spunk and spirit (she seems to have adopted some of the moonier mannerisms of the middle-period Sutherland). Belfiore, whose jealousy has driven Violante into hiding, is Uwe Heilmann – more secure than in the L'Oiseau-Lyre *Entführung* and every bit as involving.

Other parts are less remarkably taken – from this generalisation I except Dawn Upshaw's sparky Serpetta. It is the trim cut and thrust of the ensemble and the nimble movement through the opera's picaresque situations and mercurial humours that afford the set its distinctive character, and win it an enthusiastic recommendation.

Top notch requiems

Ronald Crichton reviews two Brahms requiems and Gounod's 'Mors et Vita'

TWO recordings of the *German Requiem* of Brahms may come as a revelation to those with early memories of partly amateur performances – voices strained, strings scraped and wind squealed or burbled. The shock comes not only from first-rate singing and playing but from the use of period (1860) instruments – among the obvious gains are sparing use of string vibrato and hard drumsticks. The profound sighs of the opening of the new EMI set with the Schütz Choir of London and the London Classical Players under Roger Norrington (CDC 7 54658 2), will immediately show what I mean.

As well as clarity Norrington's reading has a plainness and restraint both unexpectedly moving and well matched to the religious side of Brahms's temperament. Baptised a Lutheran in Hamburg, he did not become an orthodox believer, but was a devoted student of the Bible. From the Bible he chose the text for the Requiem, less concerned with the peaceful repose of the dead than with consolation for the bereaved living. Norrington's reticence does not exclude high drama: the timpani at the climax of the second movement (the slow march in three-four time), are terrifying. The more impenetrable, thicket-like pages of the fugal sections are less daunting than usual.

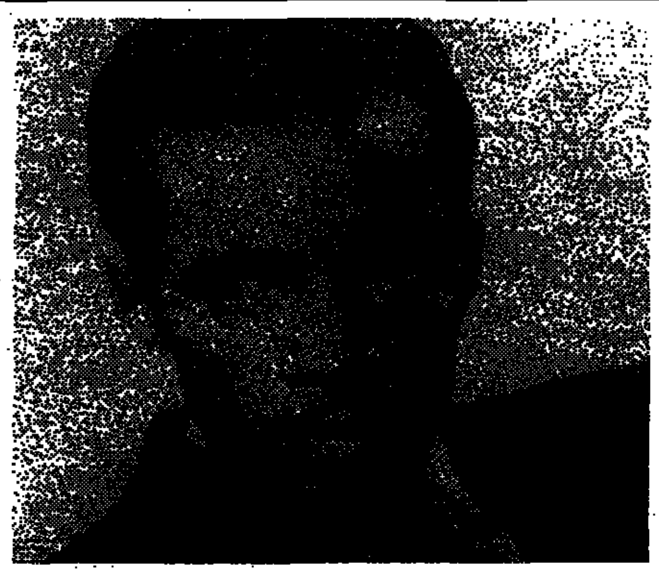
Those who like a more generally dramatic approach and a warmer, more resonant acoustic may try the 1991 Philips version with John Eliot Gardiner conducting the Monteverdi Choir and the Orchestre Révolutionnaire et Romantique (432 140-2). In his booklet note Gardiner talks of laying bare the rock face of Brahms's texture. It turns out to have quite a few plants clinging to it, but many will think no worse of it for that. The two last movements in particular are impressively handled. For once the consoling final pages sound like a real ending and the arch form of the whole is perceptible.

Gardiner's soloists, Charlotte Margiono and Rodney Gilfry, are luxurious. The soprano's exquisite, ethereal notes remind me of an admired Bach singer of the inter-war years, Dorothy Silk. Norrington's Lynne Dawson and Olaf Bär, less luscious, are equally convincing. Norrington's speeds are slightly faster. There is room on his disc for the Burial Song, op. 13, another revealing glimpse of the North German side of Brahms.

For a complete contrast turn to Gounod's *Mors et Vita* (with Michel Plasson conducting the Orfeón Donostiarra and the Toulouse Capitole Orchestra (EMI CDS 754459 2, 2 CDs). Gounod was a Catholic who came under the influence of the Dominican preacher Lacordaire and at one time contemplated entering the priesthood. For most of his career he was torn between the attractions of sacred and profane love – but more prosaically, between church and opera house.

Mors et Vita, a "sacred trilogy", was written for the Birmingham Festival of 1885 as a continuation of Gounod's *Rédemption*, given there with huge success a few years earlier. *Mors et Vita* was dedicated to the Pope, Leo XIII, whose sermons Gounod had translated into French. The first and longest of the three parts is a Requiem, using the traditional Latin text. The style of the Trilogy is clearly designed for large, resonant buildings (town halls, the Albert Hall or Westminster Cathedral), where the echoes can prolong the sound of the slow-moving harmonies. Outwardly simple music, (eminently) accessible to large audiences.

Accessible, but not trivial or vulgar. There is an *a cappella* double chorus (Gounod adored Palestrina); elsewhere the smooth surface is ruffled by chromatic flurries, and there are hints (quite sinister in this context) of the whole-tone scale. The large orchestra is discreetly used. Plasson's soloists are distinguished: Barbara Hendricks, John Aler and José van Dam spin their grateful lines with faultlessly even tone. The alto, Nadine Denize, blends easily in spite of greater vibrancy in her fine voice. The choir from San Sebastián offer a rich, firm body of sound but they make less of the Latin words than the English choirs do of Luther's German in Brahms. Plasson steers a skilful course between the twin dangers of hustle and inertia.



Percy Mayfield: great poet of popular culture revived

Long live the blues

THE BLUES *Is Alright* sang Little Milton a little less than a a decade ago. The faithful cheered, but in truth, the Blues seemed like a dying genre: young blacks had turned to funk and even the crowd of white worshippers at the holy grail thinned out as the likes of George Michael turned to the softer sounds of 1970's soul which they refashioned as the basis of emotive balladeering and dance music.

At the tiny Malaco label, Little Milton and fellow elderly blues survivors (among them the marvellous Bobby Bland, Z.Z. Hill and Johnnie Taylor) went through their traditional paces. *The Blues Is Alright* (MCD 7449), a greatest hits of the label, confirms they were still legendary, but also that had lost their ability to inspire younger listeners. The blues it seemed was truly dead.

Then, seemingly from nowhere, came Robert Cray to refashion the blues and achieve significant mainstream commercial success along the way. 1988's *Who's Been Talkin'* (Charly CDCLM 101) captures him at his bluesiest and most confident, a strident sinner confessing his sins and glorying in temptation, knowing it will all end in pain. Then the trickle became a flood as lo and behold legendary blues man John Lee Hooker, who made his first recordings in 1948, entered the 1990s with a series of hit albums. In his wake Buddy Guy rekindled the flames of a dying career and also stormed the charts. The blues, it suddenly seemed was very much alive. And so the re-issues (and advertisements featuring blues men) gushed forth.

A good starting place for beginners is the budget offering *60 Great Blues Recordings* (Cascade CBOXCD 3) which spans recordings from the Flair and Modern labels mostly from the 1950s. Apart from a few tracks by Hooker and B.B. King it includes mostly little known performers. As a result, it is a good working introduction to the blues as a genre. For more of the hits try Sequel's *The Blues Guitar Box 2* (NXTCD 185). Another triple CD package, it touches more bases, including a fair number of white blues men, but, possibly because its scope is larger, its impact is lesser. *All Night Long They Played The Blues* (Ace CDCHD440) is another irresistitible compilation of lesser lights, including Little Johnny Taylor, Saunders King, and the wonderful Charles Brown, that works as a whole simply because the songs and emotions tumble into each other seamlessly.

As the most successful blues man of the moment, naturally Hooker is the most re-issued. Hence the six-CD set *The Vee-Jay Years, 1955-1964* (Charly CDRED Box 6) which includes virtually everything Hooker recorded during his ten years with Vee Jay. Undoubtedly, a work of scholarship, it fails to capture Hooker. Instead it merely suggests the variety of work he was capable of without celebrating his laconic passion. For that you need *Graveyard Blues* (Ace CDCHD421) a collection of early recording made for Specialty. Hooker's chanted lyrics and repetitive guitar work may seem simple at first listening, but their power remains undiminished after numerous plays, the mark of someone who has teased an unconsidered passion from his music.

Memory, Pain (CDCHD438) is the title of Ace's second collection of Percy Mayfield's recordings, and appropriately bleak they are. His biggest hit was *Please Send Me Someone To Love* in 1950, but clearly he went unrequited. Heard through a throng, Mayfield sounds like a a piano bar blues man, all tinkle and sad saxes waiting for Bogart to make an appearance. Banish the throng and you find one of the great poets of popular culture of the 1950s. Like James Dean or Jean Paul Belmondo in a *Bout De Souffle*, characters who strive for dignity and style but know they are not enough, Percy Mayfield knows that the dawn brings forth no new hope. In his world, lost love is the norm and suicide the major temptation, all held barely at an arm's distance by the caressing sound of the coolest blues style ever. Or as he puts it: It serves me right to suffer, it serves me right to be alone.

Phil Hardy

Composers in person

David Murray on an interesting series from EMI

IN ITS NEW, expanded form, EMI holds the copyright to many recordings of distinguished composers conducting and/or playing their own works: from Lehár, Saint-Saëns, Medtner and Holst to Hindemith and Messiaen. Its "Composers in Person" series is going to represent more than 30 of them on CDs, with the original recordings carefully re-mastered. That should whet many appetites.

On these first releases, there is occasional hiss and crackle – and the odd passage where a regular, faulty swish is audibly carried over from ancient *78rpm* discs. Only aficionados will really want some of these releases: the stamp of authenticity may sometimes be faint, the musical polish of some performances inferior to some modern ones, the CD programmes constrained by what this or that composer happened to put on record. That said, here are quick notes on these first entries in the series.

Richard Strauss (CDC 7 54610 2) – his conducting of the pit-music, mostly arranged by another hand, for a silent-film version of *Der Rosenkavalier* in the mid-1920s (seen recently on TV) is illuminating about pace and emphasis. In old age, Strauss used rightly to complain that his operas were being subjected to ever slower, more languishing tempi. His performance of *An Alpine Symphony* is almost a revelation: for once, none of its candidly pictorial vignettes is allowed to outlast its welcome.

The curse of fake-symphonic pretentiousness is lifted, and whatever exactly the "symphony" amounts to – it sounds thoroughly taking, original, even moving. I am not sure that any modern recording has captured its contrasted effects so vividly, or rather any modern conductor; Strauss knew not only precisely what he intended, but how to extract it from a sympathetic band like the Bayerische Staatskapelle.

The Stravinsky double album (CDC 7 54607 2) must count only as a supplementary volume to the huge, all-but-compendious Sony collection I reviewed here a while ago. As soloist in the Capriccio, the composer sounds tame, careful, studio-bound where extrovert dash should be the order of the day.

Yet the album boasts notable attractions among its 1930s recordings. To the great Symphony of Psalms the Alexis Vlassov Choir, whose members must have been Russian expatriates, brought a passionate instinct for ecclesiastical chant that I have not heard equalled in a modern concert.

The Octet had a team of crack French wind-players led by the flautist Marcel Moyse, and their dry, nervy brilliance is still exciting. We also hear Stravinsky with his long-term concert partner, the splendid violinist Samuel Dushkin, in several of the transcriptions they devised together for their recitals.

Milhaud (CDC 7 54604 2): the jovial composer features mostly as conductor, with the benefit of characterful orchestral playing in tones that could barely be imitated now. Those sounds – lean, pungent, often shrill – were nonetheless what he wrote for, from the 1919 *Boeuf sur le toit* to the 1936 version of his *Suite Provençale*; and his own sense for treading a thin line between cramped popular pastiche and unbuttoned vulgarity was unerring. So it was too in his and Marcelle Meyer's account of the evergreen duo-piano *Scaramouche*, rumba-finale and all.

Shostakovich (CDC 7 54606 2) is split between his 1958 recordings as soloist in his two piano concerti, which now sound remarkably immediate, commanding models (good trumpeter in no. 1), and some very uneven solo pieces. The early 3 Fantastic Dances sound dreadful, as if he were tired of bothering with them. The first four of the Preludes & Fugues are thoughtful, withdrawn, very much *not* concert-performances; better to hear Madame Nikolaieva in them. The curdled recording of no. 24, the last pair, is of uncertain provenance, but Shostakovich's playing there is far more vital and communicative than in any of the others.

It should have been a good idea to pair Poulenc and Britten (CDC 7 54605 2) on a disc with their long-term tenor partners, but the choice of works makes them a queasy combination. Pierre Bernac (in his prime in 1946) addressed Poulenc's wide-ranging, deeply felt Eluard cycle *Tel jour, telle nuit* with heart-seizing insights. He did no less for other songs to lighter, teasing verse by Apollinaire, Aragon and Louise de Vilmorin – always with the composer's inspired prompting from the piano.

After those, Britten's 7 Michelangelo Sonnets and his "Holy Sonnets of John Donne" for the voice of Peter Pears sound abstractly intense, intricate, crabbed by their fascination with *ostinato* patterns and other such. What seems to be the nub of the problem is exposed in the Michelangelo songs: how many Italians would even recognise the tight, dry Pears/Britten settings as *Italian*, let alone as answering to Michelangelo's brave, unconstrained feeling?

Breakaway rock

ROD Stewart may be making plans to tour with The Faces again, and minds are already boggling at the thought of John Cale and Lou Reed contemplating a reformed Velvet Underground, yet the most interesting albums of the last month have come from a newer generation of performers only too pleased to be breaking away from the bands that first brought them fame. The urge to shake off collective responsibilities and strike out on a solo career seems stronger than ever, the shelf life of a successful band correspondingly shorter.

Frank Black's eponymous debut album arrived at the same time as a press release confirming the break-up of The Pixies, the band in which Black (operating under the guise of his previous incarnation, Black Francis) was the moving, vaguely sinister spirit. What ever the reasons for the band's demise, it does not appear to have been a dispute over direction, for though Black has recruited a new band (including one half of They Might Be Giants and a former member of Captain Beefheart) the musical mix on *Frank Black* (4AD CAD3004) is recognisably of a piece with the sounds and sources that made The Pixies' four albums so distinctive and engaging.

The original concept was apparently to compile a collection of cover versions, but only the Beach Boys homage has survived. All the rest is new material from Black, in which he is able to give full rein to his pet obsessions, especially extra-terrestrials and UFOs, as well as throwing in a tribute to the Ramones and a brief nod towards John Denver. Just as often though the verbal meaning is hard to divine, and then the songs fall back on their exuberance to survive; the energy and the invention are unmistakable, naggingly insistent.

Throwing Muses was the creation of Kristin Hersh and her half sister Tanya Donnelly, but with Hersh's retreat into motherhood the band that threatened to corner the market in opaque lyrics seems to gone terminally dormant. Left to her own devices Donnelly has assembled her own band, named it Belly, and after a couple of exploratory EPs last year now produced a first album, *Star* (4AD CAD3002), which turns out to be a remarkably assured and insidiously powerful collection.

Within musical packages that move easily between bright, clean pop and acoustic-based country and take in all points between, Donnelly secretes lyrics of undisguised bleakness, deploying her little-girl-lost voice with unexpected resource and subtlety.

No such problems with *Balinese Dancer* (China WOLCD 1031), the second solo album from Chuck Prophet, guitarist and a very good one too with the West Coast band Green on Red. While there is no hint yet of that refreshingly straightforward band going their separate ways, Prophet is clearly a confident and accomplished solo performer in a style that is basically country rock, even if the odd blues inflection is mixed in here and there. His singing voice may be closest to Tom Petty, and he can manage a passable Dylan whine, but the material stands up well in its own right, and is always graced by Prophet's own elegant guitar playing.

For some of course, there's no need to lookback or hanker after a return to former glories. There must now be a whole new generation of Sting fans who have no idea who Police were or how their hero first achieved his present eminence. And just as Sting's very genuine talent threatened to disappear under the self-inflicted weight allusion and pretension he has produced a new album, *Ten Summoner's Tales* (A & M 540 075-2), which represents a decisive return to his top form. The references to Chaucer and to his own surname (Sumner) in the title can be dismissed as untroubling conceits; the 12 songs here (ten "tales", together with prologue and epilogue) explore familiar Sting territory, even though South America seems off limits this time. But there is a new directness and simplicity in the songwriting and the arrangements; besides which he is, whatever anyone says, a remarkably fine singer.

Andrew Clements

On the road with Little and Large

***Stuart Marshall** tests a stately Mercedes and the cheeky Subaru Vivio*

Dignified power: Mercedes-Benz 500SE. Two tonnes of double-glazed, near-silent luxury

Small and eager: tall, thin Subaru Vivio with four-wheel drive

IF SIR Edwin Landseer had seen them together, he would have dashed off another version of Dignity and Impudence. As it was, my neighbour said I really had gone from the sublime to the ridiculous. He was looking at the two cars standing side by side in my drive; a massive Mercedes-Benz 500SE in which I had just made a 1,200-mile (1,930 km) return trip to Geneva, and a tiny Subaru Vivio.

Sublime is a good way to describe the kind of motoring the 500SE offers. Its five-litre, 308-horsepower V8 had propelled its two tonnes on autoroutes, N and D roads, over the Col de la Givrine and in Geneva's traffic without ever flexing its muscles or raising its voice.

To my surprise, it returned 20.63 mpg (13.69 l/100km) on the autoroutes and 19.61 mpg (14.41 l/100 km) elsewhere, making 20.12 mpg (14.04 l/100km) overall. For so majestic a car, driven fairly briskly, I thought this not at all bad: a 3.2-litre 300SE did little better (21.48 mpg/13.15 l/100 km) on an identical trip last year. But French unleaded petrol is FFr5.52 (around 71p) a litre, or £3.23 a gallon, making the fuel cost 16p a mile (nearly 10p a kilometre).

You can see why large-engined cars are few and far between in France. And why, with *gazole* two-thirds the price of unleaded petrol, well over 40 per cent of all newly-registered French cars are diesels. Mercedes-Benz S-Class salesmen must be like Rolls-Royce dealers, telling prospective customers who enquire about miles a gallon that, if they have to ask that kind of question, they cannot afford the car.

In town – even more so in a multi-storey car park – you are aware of the S-Class's bulk; but on an autoroute, it reigns supreme. High gearing (nearly 30 mph/48kmh per 1,000 rpm in top), double-glazed side windows and minimal tyre rumble make the interior quieter than club class in a 747.

From standstill, it takes off with similar vigour to a Bentley Turbo R – but such foot-hard-down antics are discouraged the instant the driver sees the fuel consumption indicator drop into low single figures.

It rides superbly and handles with an agility that belies its size. The air-conditioned interior provides four people with lounging space, and a fifth is not cramped. The doors and the lid of the vast boot are closed silently by electric motors. All cars should have rear-view mirrors like the 500SE's. A single knob power-adjusts the interior and exterior mirrors, folds the outside ones flat (ideal when parking on a ferry or in a narrow street) and restores them to their original position.

The £61,800 asked for a 500SE is a lot of money but a 500SE is, undeniably, a lot of motor car. But expensive, luxury-class saloons will not be so important to Mercedes-Benz in future; it has announced plans to make high-quality cars for all market segments.

People who reckon to travel first-class everywhere will still want large – and large-engined – luxury cars. While they do, the S-Class has a secure future. No volume-produced rival can match it at present for performance and prestige. But no maker is keeping a closer watch on the formidably good Toyota Lexus 450 than Mercedes-Benz.

From the sublime to the Subaru. Stepping out of the 500SE and into the Vivio was a bit like dismounting from the heaviest of hunters and throwing a leg over a Shetland pony.

The £6,999 Vivio is tiny: shorter than a Rover Metro, not much longer than a Mini, narrower and higher than either of them. This makes it ultra-handy in traffic and parkable almost anywhere; yet, four people can fit inside without their heads touching the roof. Tailgate (and fuel filler) open from inside and the boot holds a supermarket trolley full of groceries.

All controls, steering included, are very light. The 658 cc, four-cylinder engine accelerates up to high revolutions with an electric motor's smoothness but pulls so well that fourth, even fifth, gears are usable in town.

Although the little wheels tend to magnify potholes and drain covers, the ride is not in the least teeth-jarring. And with a top speed of 83 mph (134 kph), the Vivio driver need not fear motorway speed cameras.

Although I would not choose one for a long journey, it is more than just a town car-cum-shopping basket. Let the eager little engine spin fast and the Vivio holds its own well enough not to be an embarrassment on the open road. Drive it gently and the fuel consumption will be around 50 mpg (5.65 l/100 km).

The only real snow I have seen outside mountain areas this winter was on the A26 autoroute between Calais and the A1 interchange last week. So, I cannot speak from personal experience of the Vivio's unique in-class feature of four-wheel drive, selectable at the touch of a button in the gear lever knob. But I know that its similarly-equipped, slightly bigger brother, the Subaru Justy, copes most competently with snowy roads and muddy car parks alike.

Many commuting businessmen burden themselves with large, load-carrying and fuel-thirsty on/off-road 4x4s because, they say, they want to be sure of getting to a country station in winter. They would be better off providing the nanny with a Vivio instead of a Metro as a runabout. Then, they could have a nice big estate as the company car – and commandeer the Vivio when they need four-wheel drive on snowy mornings.

*The new F1 season starts tomorrow: **John Griffiths** looks at the backstage battle over technology.*

War of the puppets

INDIANAPOLIS-bound Nigel Mansell was closer to the mark than perhaps even he knew when, with his waspish parting shot at his detested rival Alain Prost, he said that the Williams-Renault in which Prost will start the South African grand prix tomorrow *was* so advanced it could be driven by "a puppet."

Indeed, grand prix technology is hurtling forward so fast that, left unchecked, a puppet might not be necessary. Max Mosley, the president of the Federation Internationale du Sport Automobile (Fisa), the world governing body of motor sport, says: "We are talking about something which technically could be only three or four years away."

The cars, digital "maps" of each circuit stored in their computer memories and with an occasional adjustment from the pits via telemetry, could be capable of racing on their own with steering, suspension and brakes responding by computer to electronic "vision." At the moment, they lack only the vision system – and even that technology exists.

Human interest? Slap a helmet and overalls on anyone prepared to go along for the ride.

He or she would lack the skills of world champions Mansell, Prost or Ayrton Senna – but would not need them. Nor, from the perspective of sponsors, increasingly uneasy at the spiralling costs of grand prix racing, would they warrant the $10m (£7m) which the top drivers received in the 1992 season.

Of all the team changes, personal rivalries, cash crises and other dramas which have combined to make the 1993 season one of the most important in grand prix history, the technology issue stands out. The grand prix world, familiar with the problems of driving round a circuit, has found itself at a crossroads.

Along one route lies Indycar racing – equivalent to grand prix in north America – with which Mansell is grappling. Here, electronic control systems are banned, gearboxes are manual and engines have to be shared among teams. The emphasis is on equalising machinery to maximise competition between drivers.

Down the other lies unchecked technology, ever-climbing expense and the diminution of the role of the driver.

The recession has cut sponsorship budgets – one well-informed source suggests a fall of 50 per cent this season – just as teams must find the cash to keep up with the rapid technological developments. Manufacturers, sponsors, administrators, engineers and drivers are asking, as never before, whether grand prix should be sport or science.

Mosley, a barrister and a former racing driver, is staking his presidency on curbing technology. On that basis, events in Paris on Thursday will be of more fundamental importance than whether young Damon Hill beats veteran team-mate Prost in the Williams-Renault at Kyalami tomorrow; or whether the late-signing Ayrton Senna will upset the apple-cart with a suddenly more competitive McLaren-Cosworth.

On Thursday, the FISA world council is expected to endorse the proposals of its Formula One commission to ban, from the 1994 season, all electronic aids which detract from the role of the driver. That includes the computer-controlled "active" suspension systems developed by leading teams at a cost of millions; traction control, which stops skids automatically; and possibly even the semi-automatic gearboxes which are one of the dwindling areas of grand prix technology of likely relevance to future road cars.

Some leading teams have grudgingly accepted tentative costing-cutting as well as those measures aimed at helping less well-heeled teams, so increasing the closeness of the racing this season. Even so, Mosley could face a revolt.

There have been muttered threats of legal action against the technology ban, on the ground that it has not won the approval of all teams. Mosley says he will stick to his guns.

The prospect of a technology ban is viewed differently in F1's various camps. For leading technology-driven constructors such as Williams, McLaren and Benetton, yielding expensively-won advantage is a bitter pill to swallow.

The attitude of the big manufacturers who back grand prix is conditioned by performance. Renault, Ford and Mercedes (powering the new Sauber team) oppose the ban. Ferrari, struggling woefully to get to grips with the technology, would be quietly grateful.

Drivers, Prost prominent among them, are mostly in favour for it is their skills which are devalued by technology.

Sponsors with no entrenched motor industry interests other than the simple desire to stay exposed to a 100m global grand prix television audience, maintain a discreet silence but welcome quietly the prospect of closer racing at less cost.

Most important of all, the ban would mean that Indy and grand prix cars could move relatively quickly towards a common specification.

Already, planning permission for been given for one Indy-style oval on a disused British Steel site at Corby in Northamptonshire while Silverstone's owner, the British Racing Drivers' Club, has completed detailed planning for a second. A third is being prepared by Donington Park's owner, Tom Wheatcroft.

US motor racing officials, who show distaste for the intense politics and perceived gravy train of Formula One, pour cold water on the idea of a F1-Indy "marriage." But Mansell's presence on this year's Indy circuit, and sponsor pressure, could see the shotgun brought out.

A technology ban would be of almost wholly unalloyed benefit. Grand prix has had its moments, Mansell's gloriously futile chase of Ayrton Senna at Monaco last year among them. But the very fact that grand prix overtaking manoeuvres are memorable as much for their rarity as their spectacle underlines Mosley's concern about the grand prix processional.

Last month, Dale Earnhardt took a hard-earned victory in one of the most famous US races, the Daytona 500. During the contest, the lead changed 38 times.

That is motor racing.

The absent king: Formula One champion Nigel Mansell is drawing fans to Indycar

***Martin Jacques** asks which driver will win*

After Mansell

THE first grand prix of the Formula One season at Kyalami, South Africa, tomorrow will provide some light relief from the politics that have dominated the closed season. As the racing starts, F1 is afflicted by doubt and uncertainty.

During the 1980s, F1 was in expansive mood. Attendances at races mushroomed, television audiences grew apace, sponsorship brought unprecedented resources to the teams, and the big car-makers entered the fray on a greater scale than ever before. F1 enjoyed its own version of the boom years. Last season, however, the recession began to bite. Three teams withdrew, and rumours in the paddock suggested that all but the top ones were feeling the pinch.

The downturn coincided with a more existential crisis. The season proved to be one of the most processional ever. Nigel Mansell in his Williams-Renault dominated from beginning to end. He won more grands prix in the course of the season than anyone had ever achieved previously.

Crowds dropped and, most seriously of all, so did television audiences. The powers-that-be began to worry that the television companies might lower F1's credit rating, with potentially dire consequences for the financial health of the sport.

The secret of Mansell's domination was the remarkable technical advantage achieved by Patrick Head and Adrian Newey, the Williams designers, over their rivals. But this proved expensive and F1 was threatened by a pincer movement: poor entertainment value and escalating costs.

To compound matters, negotiations between Williams and Mansell over a new contract broke down and F1 finds itself facing the new season without the world champion and, by common consent, the most exciting driver.

Worse, Mansell signed for one of the top teams in the US Indycar series, a long-standing rival of F1 and the main reason why it has never become a serious force in north America. Mansell's charisma saw European television companies, including Britain's ITV, queuing to buy the rights to broadcast the Indycar events.

But as the 1993 season prepares for the lights to turn green, there are some encouraging signs on the track. The fear has been that there would be a repeat of last year, with Williams – and Alain Prost, in particular – disappearing into the blue yonder.

Pre-season predictions are, however, always notoriously difficult and unreliable. They are based on close-season testing involving many different circuits and conditions and, often, wilful attempts by one team or another to conceal their true performance.

Last season, the majority of pundits failed to predict Mansell's extraordinary domination: instead, most of them backed Ayrton Senna to become world champion again. This season, needless to say, they have gone overwhelmingly for Prost in the Williams.

In recent testing, though, the Benetton – fitted with all the latest technology and driven by Michael Schumacher, the talented young German – has gone well. So, too, has the new McLaren which, in the hands of Senna, managed to break the lap record at Silverstone last week.

The McLaren's performance persuaded the three-time world champion to race in South Africa: previously, he had left his intentions for the new season suitably vague, even considering giving it a miss altogether should the new McLaren not be competitive.

Meanwhile, many eyes will be cast westward as Mansell wends his round the US (and, occasionally, Canada and Australia) in his Indycar. The F1 authorities will no doubt be monitoring his progress with more than a little nervousness: motor racing fans, however, are promised a double whammy. For most of the season, F1 and Indycar will be on UK television screens on alternate Sundays.

Skiing

Off-piste with the fat boys

Arnold Wilson tries helicopter skiing in the deserted wilderness of Canada

IT COULD almost be a Vietnam war film clip with snow. Every morning at 8.30, five helicopters with headlights blazing come clattering into Blue River. Without fail the adrenalin starts pumping.

Helicopter skiing is addictive and these days anyone with sufficient money can do it. Forget virtuoso technique. Forget leaping off cliffs. Thanks to a newoff-piste ski, the Atomic Powder Plus – nicknamed "fat boys" or "fat sticks" – money, or lack of it, is the only barrier to those who dream of heli-skiing.

Mike Weigele certainly has a lot of wealthy customers at his Blue River resort in the mountain wilderness of British Columbia. One pony-tailed client, who skis there eight weeks a year and takes lobster up to the lodge for his private party, is worth $50m (£35.2m).

The Powder Plus skis, developed by Atomic, are being copied by other manufacturers. The wide-bodied ski is revolutionising off-piste skiing, in all types of conditions. The big heli-skiing companies in Canada – Canadian Mountain Holidays and Weigele – have switched to them.

It is a little like having a mono-ski or even a water-ski on each foot. In a sense, the skis enable you to cheat. They can make skiing off-piste so easy that any reasonable intermediate can do it.

All week, while Blue River remained lost in fog, we rose above the clouds in our Bell 212 to enjoy a feast of skiing with our new rental Powder Plus skis.

Safety is paramount in helicopter skiing. The first evening and following morning were taken up with safety drill. "There are three Number One rules of heli-skiing," says our amiable guide, Bob Sayer.

"The most important is: 'don't break the helicopter'." Guests have been known to accidentally snap off the long proboscis that provides the helicopter with radio communications with the guide and other pilots.

Next comes: "Never ski past the guide." Crevasses, avalanche slopes or both could be lurking ahead.

The third rule is more positive: "Don't forget we are here to have fun. We do not need to move fast around the helicopter. Just be careful and we'll all stay happy and have fun."

There are other rules. "Don't ski too close together," says Sayer. "We're almost alone in more than 4,000 square miles of mountain wilderness, so what's the point of skiing into each other?

"Keep an eye on the helicopter at all times when it is coming in to land or taking off. And when you jump out of the helicopter, don't bury your head in the snow."

Soon we were skiing our first run, Cedar, an easy warm-up. Then we skied a longer, more difficult run called Mousetrap before turning our attention to Paradise, the first with real glacier terrain. Our guide prefaced every run with instructions varying from: "Ski in my tracks" if there was a danger of crevasses, to "you can ski five turns apart, either side of my tracks" if the coast was clear.

The best snow conditions of the week were in feather-light surface hoar-frost – formed when moisture evaporates from the snow and freezes – on a run off Augerhorn. The skis performed brilliantly, flattering our turns and enabling us to leave almost effortless "S" tracks in gunbarrel gullies, couloirs and all kinds of snowfields as we swooped down one roller-coaster run after another.

The "fat boys" were pioneered by Georg Ehrschwender, a former train driver from Salzburg, who was with us that week. He is a brilliant skier, and his inventions include goggles with a chimney arrangement which allows hot air to rise and thus prevents them steaming up; powder poles with bright orange trumpet-shaped baskets; a metallic hat that snow simply slides off; and a silver-foil loo for women caught short while heli-skiing – which he thoughtfully set up for us during lunch on a frozen lake at the bottom of a run called, appropriately, Nancy's Relief.

When Georg discovered that his fibre-glass prototypes worked, he burst into tears – but he cried only half-way to the bank. So far, he says, the skis have not made him rich.

As the week progressed, we switched between the Monashees and the more rugged and adventurous Cariboo slopes, depending on snow conditions and visibility.

Our pilot, Greg Kennedy, was always there at the bottom, waiting to clatter off to yet another run. An Everest a day – almost 30,000 vertical feet – is not uncommon, especially on "fat boys."

Weigele operates helicopters along a 4,000 square mile area of the Monashee and Cariboo Mountains from his base at Blue River Lodge, a remote spot on the shores of Lake Eleanor 370 miles from Vancouver. CMH, Weigele's rivals, also operates in the area, but they are such big ranges that the nearest the two operations get to each other is 20 miles.

"There's a ton of skiing out here," says Sayer, over an excellent dinner in the cosy chalet-style lodge. "We have 300 named runs and another thousand we haven't named yet."

■ *Arnold Wilson was a guest at Mike Weigele Helicopter Skiing Holidays (0101-403-762-5548), marketed in Britain through Ski Scott Dunn (081-767-0202) and Fresh Tracks (081-335-3003). He travelled to Kamloops, British Columbia, with Air Canada, 7-8 Conduit St, London W1R 9TG (081-759 2636).*

The two-and-a-half hour journey to Blue River was by a Mike Weigele Greyhound bus. A seven-day package, excluding flights from Britain, varies from C$2,900 (£1,630) to C$4,670 (£2,623) for double occupancy accommodation in individual spruce-log chalets, some with self-catering facilities.

The package includes 100,000 vertical feet of helicopter lift, with 80,000 vertical feet guaranteed. Extra skiing is charged at C$14 per 1,000 vertical feet. Three-day packages start at C$1,570 and five days at C$2,370.

PRESS REVIEW / MINDING YOUR OWN BUSINESS

As They Say In Europe / **James Morgan**

Britain's overheated news economy

THE SECOND anniversary of the day this column was launched on an astounded world seems a good time to reflect on the unique nature of the British media. It stems from the intense competition among 11 national dailies and the way that is heightened by the power of a well-funded nationwide broadcasting system. In the rest of Europe the news market is dominated by a couple of weekly magazines, one or two national papers and any number of regionals which operate on a shoestring and poverty-stricken broadcasters.

That the British media exercise a uniquely decisive influence on national political life has been notably demonstrated in recent days: in no other country would what has been termed the "moral panic" over juvenile crime have provided the basis of such a concerted campaign that led to almost instant action on the part of the government.

Foreign correspondents in London quickly become attuned to the "nine-day-wonder" nature of the news. It results from the way national dailies, and not only the tabloids, latch on to a single phenomenon to fight competitive battles. Veterans of the foreign press corps who have been scarred by numerous incomprehensible stories – Westland, salmonella in eggs – now take a sardonic view of those sudden eruptions that characterise the flow of British public life.

But their daily rhythm is rigid. The Today programme on Radio 4 is part of breakfast. They can relax until the World at One appears on the same wavelength. These set the agenda which is pursued in Question Time in Parliament and that in turn assures the headlines for the evening TV news and next day's papers.

Thus the British debate runs like this: *The Guardian* carries an exclusive about a secret report on the decline of the ice cream industry. The Today programme gets hold of the story and runs a feature on the rise of American ice cream in Britain. The original report is published in full later that morning and the World at One interviews the Minister for Ice Cream. In parliament during Prime Minister's questions, John Major rejects demands for action. Next day the *Daily Express* leads on the headline, "Ice cream: Major acts."

Look what happened to the last set of unemployment figures. Endless items up to "U-day" itself predicted that unemployment would rise above 3m. Then came the figures. They showed that it stood at 2,995,100 seasonally adjusted. So the media unanimously, and contrary to normal practice, seized on the unadjusted figures which put unemployment at above 3m. How wise the Germans are never to say when their official statistics are to appear.

One may wonder if the institutionalised overheating of the policy debate in Britain damages the policy-making process. City economists, who should be safely locked up feeding incorrect forecasts to their employers, become famous, quoted and interviewed on all aspects of government policy. When the pound was on its way out of the ERM last September, they appeared across the media to sing the praises of devaluation. Now guess whether their employers made or lost money on the sudden collapse of sterling.

The situation in France or Germany is quite different. For one thing, both suffer a dreadful shortage of economists. There is some discussion of public policy issues on the broadcast media but the usual fare of morning current affairs programmes is provided by the clients of resourceful public relations agencies. "And now we take a look at the forthcoming masterpiece of Jean-Luc Cinéaste."

It was inevitable that there was an intense debate in Britain on the Maastricht Treaty while public opinion in most of the rest of Europe supinely accepted the word of *parti pris* Eurocrats. But have the benefits of this public debate outweighed the damage? Is the absurd chain of events at Westminster not the result of an over-excited controversy that is constantly fanned into life by highly-motivated and gifted newsmongers?

And they in turn are assisted by an astonishing number of well-organised pressure groups, charities and of course MP's devoted to ensuring the public benefits from their unique insights. All these have abundant access to the nation's news outlets to which decision-makers feel compelled to pay attention. Any time anybody wants an opinion in Britain there is always the Royal Society for the Protection of This and That, Credit Russe Bigbang & Boom, the Sweatshop Association, Help the Rich, Women Against Men, the National Truss and Hernia Foundation and Lord knows who ready to provide it. And everybody who is anybody from Land's End to John O'Groats has to listen.

It could all get worse. There may yet be a Freedom of Information Act.

■ *James Morgan is economics correspondent of the BBC World Service.*

Not rich, but on top of his world

***Clive Fewins** meets a happy band of thatchers*

THATCHING IS catching, according to mathematics graduate Martin "Barney" Bardsley, who is confident that, barring ill health or acts of God, he will stay in the profession he switched to 16 years ago at the age of 27 for the rest of his working life.

"I have no regrets. My father, who started as a manual worker and finished life as a teacher, thought I was crazy leaving a secure job in the civil service, but I enjoy the work I do, even high up on roofs in the depths of winter."

Money is a different matter. There may be thatchers who drive BMWs and own farms on which they grow their own materials, but Barney Bardsley is not one of them. In spite of a working week that extends to six days and often breaks into a seventh Bardsley, 43, expects to earn well under £20,000 before tax this year. The same goes for his partner David Brown, 37.

The two have shared all the profits since they merged their businesses to form Bardsley and Brown three years ago, and it has worked.

"Thatching can be a solitary life and both of us still wonder why we did not team up years before. David has always thatched – unlike me he comes from a thatching family – but he agrees that shared expertise and risk taking is a good idea, provided you trust one another."

That view has proved particularly true in the last precarious year. Bardsley and Brown have seen their order book shrink from one to two years in advance to six months. The recession has had a lot to do with it. But there is another reason: the number of thatchers has grown, not decreased, in recent years.

"Nowadays it is possible to go on a six month course, buy a thatching franchise and set up in business immediately after, and this is what a number of people have done after collecting their redundancy money," Bardsley said. "The result is that there are too many thatchers chasing too little work. Some thatchers – some of them very good – face going out of business."

Bardsley is slow to condemn the new thatching companies – he says there are some good ones – and he stresses the importance of younger people learning the craft. But he dislikes the idea of teams of thatchers, often employed by the larger companies. He feels this approach takes away much of the craft element of the work, and the interest of the individual thatcher in his work. It is this he enjoys most.

"This year it has been tough. David and I will only get near the £20,000 each we aim at if we manage to turn over £80,000, as we did in 1990, but with the bad harvest last year and consequent higher price of straw, the wet autumn, rising insurance costs and increasing competition I doubt if we shall achieve this.

"We could make more money if we dropped our standards, but this is something neither of us are prepared to do. To us job satisfaction is all-important. By now I would probably be earning far more if I had continued as a statistician at the Transport and Road Research laboratory. But I can't help being a romantic. I love thatching and the satisfaction it brings desite the harsh winter conditions and the current insecurity.

"It is hard to describe all the satisfactions, but every roof presents a separate challenge. It is hard to describe the feeling you get when driving past a well thatched roof that you have done many years later and thinking 'I did that'."

"On big roofs the work can be repetitive. But that only lasts until you hit an interesting spot and with the two of us plus our apprentice, who is soon to qualify, we are able to switch jobs to make it interesting for all three of us."

Colin Beere

'Barney' Bardsley at work on a traditional thatched roof

Thatching has traditionally been carried out by small firms, and even today there are thatching families in which the line can be traced back for many generations. However, while running a larger business with several teams has been shown to be the way to make money, the Bardsley and Brown way is not currently very profitable.

"Pricing jobs is very difficult, particularly when you know you are probably competing with someone who is likely to come in beneath you with a stupid price," Bardsley said.

"Balancing up the jobs on which you make a good profit against those that turn out barely profitable is very difficult. We price jobs by the square, a square being 100 sq. ft, for which the price is £600. For ridges – the trickiest part of the job – we charge so much per foot, depending on the style of ridge.

"Then there are the materials. In our area, south Oxfordshire, Berkshire and north Hampshire, we nearly always use combed wheat reed. This is the straw left after harvesting long stemmed wheat.

"Generally we buy it from a dealer based in Somerset, for £485 a ton. Buying this way guarantees the quality. But even then every load of material has different characteristics. Even bundles in the same load can vary. The skilled thatcher will be able to get the best out of the varying characteristics."

Bardsley and Brown will not guarantee the lifespan of their roofs. Bardsley has seen roofs of water reed – the most durable thatching material – last 70 years and a good wheat reed roof should last 25 years before it needs a fresh top-coat. However, nearby trees, moss or bad air circulation can greatly reduce this figure.

"Thatching still comes back to skill and experience," Bardsley said. "If you have a thatched property you have get to know and trust your thatcher, and a good thatcher will respect that. Some firms – I call them factory thatchers – just go in and out fast and make the job last only seven or eight years. They get away with it, and they often make a lot of money.

"I couldn't sleep at night if I worked that way. But the sad thing is that village communities are changing rapidly and virtually no thatch-owners know anything about the subject. They fall hook, line and sinker for a gleaming, newly-thatched roof, whatever the standard of workmanship. Sadly, only a skilled thatcher can immediately distinguish between the good jobs and the atrocious ones."

■ *Bardsley and Brown, 1, Marlston Cottages, Marlston, Hermitage, Berks RG16 9UN. Tel: 0635-201546, 255149.*

Mafia lurks behind the face of carnival

■ Continued from Page I

favour of a woman who claimed that Mangueira had stolen her song. Rehearsals were cancelled and fierce squabbles broke out. Dona Neuma, the school's 70-year-old First Lady and daughter of one of the founders, attacked the "new administration" and said she would not parade for the first time in 64 years. Roberto Firminho, the president, retorted furiously that "the old lady should retire and stay at home with her mouth shut." The case was, however, resolved a week before carnival and Dona Neuma relented.

■■■

Four weeks before the big night I visited the *barracao*, the school's centre of preparations in an enormous concrete hangar with a corrugated iron roof and a pink gate, guarded to prevent rivals taking a sneak preview. Reeking of carpenters' glue, hammers were banging and drills whirring everywhere. Disembodied papier-mâché figures and limbs lay discarded on the floor: here a cow's head, there a count's leg. It seemed they could never be ready on time and the work force was buzzing with talk about other schools' sumptuous special effects. Firminho sauntered out to greet me. Rubbing his moustache, he claimed not to be worried. "It's always like this," he smiled, unconvincingly.

He was right, though. The week before carnival, the *barracao* had been transformed into a magical kingdom of medieval castles, French drawing rooms complete with marble columns, green brocade, gilded mirrors and chandeliers, Portuguese galleons on a silver sea, 10 ft-high elephants, and zebras dancing around an enormous African warrior head.

A man with a clipboard of pencil sketches was barking orders at 100 people working round the clock on 10 floats, scurrying up and down ladders with hammers and paint brushes, creating marvels from foam, fibreglass, wire and paints of myriad colours. Ilvamar Magalhaes is the *carnavalesco*, the man who creates the Mangueira "look." Having chosen this year's mango theme almost a year ago, he buried himself in libraries to discover how the fruit came to Brazil and to design the floats and costumes (known as *fantasias*) to tell the story.

Carnival is an enormous industry, bigger even than shipbuilding. Preparations for the big week provide permanent employment for 80,000 people including musicians, architects, carpenters, electricians and sculptors. Samba schools are the main breeding ground for musicians and dancers, who spend the rest of the year giving demonstrations. Some of the painters in the *barracao* are well-known artists.

Parade day dawned cloudy

and rain-laden but could not dampen the general glee. Inflation of 30 per cent a month and searing recession were forgotten as society people and slum-dwellers mingled, worry lines falling from faces before my eyes. Walking towards the lights of the Sambadrome through a warren of tiny streets littered with beer cans and bits of *fantasias*, Cosmi Tudo, a drummer from Mangueira – resplendent in white silk tunic and gold turban and unrecognisable as a construction worker – said: "We're poor and no one notices us but, for one day of the year, we're kings."

As we watched the other schools parade, our spirits soared. Surely, we said, the Mangueira song is catchier, its floats prettier. We laughed cattily as the Salgueira school's flag-bearer slipped, someone lost a hat, and a dancer from Estacio fainted. On and on went the processions of warriors, Indians, voluptuous women in rhinestoned bikini bottoms (their breasts splendidly naked and surely silicone-enhanced), cavemen under showers, giant insects, mermaids, and older women whirling in wide, hooped skirts held up with hosepipes.

We marvelled at the giant steamships of Salgueira and the gadgetry of Mocidade with its flying model helicopter, lasers and video screens. It seemed an incredible waste in such a poor country for so much luxury to be created for just one night and then thrown away, but Trinta explained: "Intellectuals want poverty but the masses don't. They want luxury."

Finally, it was our turn as the last school of the second night, the pink glow of dawn visible already over the lights of the *favelas*. The roar of the audience sent us into ecstasy – except for five breath-stopping minutes when the mast of our Portuguese *caravela* got stuck under the television tower. Afterwards, Magalhaes was jubilant: "It's definitely our best since 1987 [the last time the school won]."

Convinced we had come second, the results announced the following afternoon were a huge disappointment: Mangueira was placed a poor fifth and Salgueira had clinched its first victory in 17 years, scoring top marks in all categories from choreography to floats, story, costumes and music. A devastated Firminho said the school would appear at the champions' parade for the top five schools wearing black headbands. He complained: "Some judges always try to appease the most powerful." Dona Neuma was more philosophical: "Mangueira has been parading 68 years. We're used to such results. I cry."

Over at Salgueira, it seemed the celebrations would never stop. King of it all, in a white suit and banana grin, was Waldemir Garcia, known as Miro - a *bicheiro* who describes himself as a farmer. Only a week earlier, he had been in court – bracketed by heavily-armed security guards in dark glasses – facing charges for drug trafficking and running gangs.

Spring pests are on the march

... but Robin Lane Fox is already marshalling his killer forces against them

AMONG THE marvellous haze of blossom on the first prunus trees, it would be easy to sit back during this weekend, head for the suburbs and enjoy the sudden beauty of Britain's streets. Even in the garden there is continuing confusion: hellebores are flowering with forsythias, primroses have been out for ages, and pulmonarias are behaving as if the Budget did not threaten.

Before setting out my plan of action, I must put in a word for a deep blue pulmonaria called Highdown Blue. Special forms of pulmonaria seem to multiply yearly, but this one has a vigour and depth of colour which outclasses the many others I have tried.

Highdown Blue flowers madly at a height of about nine inches, but the colour is so deep that it stands out at a distance in small groups, dotted at intervals in the front of a border which is otherwise out of season. The flowers wilt as soon as you pick them, but revive smartly if put in hot water. This plant seems quite indestructible, even after somebody squashed it by parking a car on top of it out of season.

Highdown Blue is my plant of the week, but it is certainly not my weekend problem. Here, the answer is brutally simple: get a move on. Every year, most of us attack our weeds and diseases too late. My armoury is already on red alert, a task force with four props until somebody tells me of a fifth which is even better.

In mid-March, you are most unlikely to be thinking about leaves on your roses, let alone about black spot, the disease which strips them in so many gardens from July onwards. Black spot was awful last year but, if you want to control it this year, you must act at once. Indeed, in another 10 days or so, you will be too late.

The weaponry here is a systemic fungicide which works through stems and leaves and acts as a prevention rather than a cure. It needs to be in place before the disease takes hold. The best chemical to buy is Nimrod T, sold by ICI at about £5 for enough of a dose to cope with a large rose border throughout the season.

The instructions suggest that you spray in May and never go away afterwards, but experts prefer to begin much sooner and be more relaxed later in the year. Already, young shoots on roses are wonderfully far ahead and so you can strike the first defensive blow, making a serious impression.

Nimrod T is sprayed all over the plant. You will need to follow up at least once a month but, insofar as anything combats this hideous disease, this compound is the best answer. While you are out, you also spray the hollyhocks, as Nimrod T is effective against the rust which acts like black spot on a rose and strips off their leaves in August.

Among moulds, not spots, the mild and wet winter has been very welcome. I am finding that there has been considerable carnage through the lower levels of my planting, especially among pinks and anything with silvery tendencies. Wet seasons are wonders for mildew and, once again, it pays to start very early.

On anything prone to mildew – violas and most forms of clematis – I prefer to use Benlate. After spraying clematis with this brand name, you have also protected against the dreaded wilt. You can then start to feed, a process which enthusiasts began on clematis as early as February. As an easy food with a relatively high value, I still stand by Phostrogen, which is diluted and sprayed on to the leaves.

Weapon number three is a familiar visitor to this column but familiarity does not breed weeds, especially if you spray them with Roundup. Conditions this week have been ideal for its use: calm, dry days have encouraged early growth on grass and broad-leaved weeds, which are now sufficiently voracious to take up a dose of their own death. For several days, we have been spraying Roundup on to unwanted grass, dandelions, daisies, broad-leaved weeds and that infernal little white-flowered bitter cress which is such a space-invader during March and April.

The key element in Roundup is glyphosate and, previously, gardeners were supposed to buy it under the name of Tumbleweed (which I always found to be weaker and more erratic). Professionals, meanwhile, would go to a farm chemical supplier, sign the poison book and use Roundup in bulk on large areas.

Since last year, garden centres have been selling Roundup GC for gardeners' approved use, a stronger weapon than the Tumbleweed of their past. Roundup takes up to three weeks to show its effects, but it is harmless to gardens because it kills only by contact with a leaf, not by lingering in the soil.

On my floral calendar, this month (as usual) is lined with mildly dotty "Green Garden Tips." In March, they suggest that we should all cover our flowerbeds with polythene in order to encourage weeds to germinate so that we can then spend April hoeing them off in bulk. I suggest that we all join the 20th century and spray the really difficult weeds, which are not just annual seeds and which "Green Tips" somehow fails to discuss.

Roundup GC will knock out big patches of weeds and coarse grass if used now during a dry, still period of the day. As yet, it will not knock out the ever-sliming slug.

Slugs have had a dream winter during all the rain, and have already made an hors d'oeuvres out of my dicentras and sandwiches out of the emergent hostas. Fortunately, they are also very responsive to Growing Success, a newish granular killer with aluminium sulphate.

The granules can be scattered or diluted, and I prefer to scatter them like mouse-killer between plants. It is billed as a molluscicide, and I think that the slippery beasts deserve it. It is not a bait but claims to kill by "contact action," and to be "used by people who care about pets, birds, hedgehogs and livestock."

If you like pets, except slugs, you will love Growing Success. It is spreading now through garden centres but, if you cannot track it, its makers are at South Newton, Salisbury, Wiltshire; which is part of the Wessex Peat Group. I now use it against slimers before anything else: the granules can even be diluted and sprayed carefully among young seedlings, including salad plants. So far, this final prong in my armoury seems to mount an effective defence for several months at a time.

If you cannot face spraying, do try scattering, but also please take your lesson from this early season. The flowers are early, the Highdown Blues and all the primulas, but so are the pests, not to mention this summer's diseases.

Capital eats in Paris

Nicholas Lander enjoys three memorable meals in a day

IT IS not easy to recommend restaurants in Paris as everyone seems to have a favourite. But, with the pound at such a low exchange rate against the franc, here are three distinctive restaurants that may make any trip to that delightful city no less expensive but more memorable:

Breakfast. *Café Le Flore, 172, Boulevard St-Germain.*

Opposite Brassserie Lipp and next to Les Deux Magots, another famous Parisian café, Le Flore has been second home to many famous literary figures, Huysmans, Sartre and de Beauvoir.

Its croissants and pains au chocolat are excellent; the coffee and hot chocolate are strong and dark and the red banquettes offer comfort and discretion. The waiters are suitably discreet, too. I sat and felt much aggrieved as, on the next table, a middle-aged man introduced his much younger fiancée to the waiter, also a Nicholas, rather than to me.

Any table near the entrance of the café's small kitchen offers the chance to overhear the waiters' barked orders – "un cafe, deux espress" and, even at 9am, "deux bieres" – because the waiters, as in so many cafés, do not bother with order pads.

Lunch. *Chez Georges, 1 Rue du Mail, tel 42 60 07 11.*

A restaurant that offers the definitively bourgeois cooking of the Lyonnais area. It is near Place des Victoires in the 2nd arrondissement.

You should lunch there for those very French dishes – rillettes of pork, fromage de tète, coq au vin or blanquette de veaux – and, also, for those unforgettable French restaurant sights such as a table occupied by one woman, wrapped in a fur coat with a poodle at her feet, happily moving through a large, bloody steak, a bottle of red wine and a packet of cigarettes.

Chez Georges, too, for a unique style of service. Le patron, dressed in a chef's jacket, greets you although he handles nothing more than than a credit card processing machine which sounds the only discordant note in a busy room where the decor does not seem to have changed for 50 years. He then hands you over to one of half a dozen waitresses who are comforting, swift on their feet and in control. As I walked past the entrance to the kitchen I overheard one waitress telling the chef, firmly, that when she cooked kidneys at home, she cooked them in quite a different manner.

Fish included an escalope of salmon with sorrel, fillet of turbot with chanterelles mushrooms and noodles and sea bass with a beurre blanc. The house speciality was profiteroles filled with ice cream and a hot chocolate sauce. Cheeses are excellent. Across the road is one of Paris's oldest, and most picturesque, patisseries, Au Panetier. Cost is £25-£30 per head as long as you stick to their good cru Beaujolais served in pitchers.

Dinner. *L'Ami Louis, 32 Rue de Vertbois, tel 48 87 77 48.*

This restaurant which, in its 60 years, has been owned by the original Louis, then Antoine and now by a younger Louis, manages to do things I have seen nowhere else in the world.

Your coats are taken and thrown on to a shelf that runs down both sides of the dining room (the gap between the two lines of tables is exactly the width of Louis's shoulders) the descent to the lavatories in the basement the steepest I have ever navigated (do not let go of the rope handle) on the dining tables napkins almost the size of tablecloths are provided and French bread, sliced horizontally and grilled is borne to your table as a six-inch tall edifice, only outdone by the frites which arrive, in the shape of a bee-hive.

All the cooking is done on an ancient, wood fired range. When I was introduced to the chef as a former restaurateur the only question he asked was whether my stoves were wood-fired. He walked off in disgust when I told him they were gas. There is no concession whatsoever to vegetarians. The only accompaniments to the massive plates of food are a simple green salad and watercress for a garnish.

L'Ami Louis is run on three principles. Firstly, it buys only the best ingredients irrespective of cost. Then it cooks them simply and serves them with unflinching generosity. My roast chicken, cooked with as much butter as chicken, was moist and delicious. Snails and slabs of foie gras were large, and the potato cake that arrived smothered in garlic underneath the confit of duck was unforgettable, particularly as I had to steal it, morsel by morsel, from my friend's plate.

Louis's customers respond to this generosity by ordering magnums of red from a newly-improved wine list. Dinner costs approximately £60 per head.

Château de Crouseilles in the Pyrenees

A taste of the Pyrenees

*The wines of south-west France interest **Edmund Penning-Rowsell***

NORTH of the Atlantic-side Pyrenees, inland from Biarritz and Bayonne and within the big arc of the river Adour, is one of the most unspoiled parts of France. A visit based on Pau, Aire-sur-Adour, St Jean Pied-de-Port and the charming (if faded) small spa town of Salies-de-Béarn provides access to some small wine districts that are re-establishing themselves after decades of decline following the phylloxera ravages of the last century and the subsequent economic difficulties.

Madiran and Jurançon have always managed to keep afloat and now have some enterprising private growers, but the region is dominated by co-operatives – without which few growers would have survived. All producers have a lively *vente directe* trade.

The red wines are dominated by the tough, tannic Tannat grape but softened by Cabernet Sauvignon and Franc, and the whites are made from a number of local varieties, notably the Gros and Petit Manseng, the grape of Jurançon, the Petit Courbu, the Arrufiac and the Baroque.

Tucked into the Pyrenees in the heart of the Basque country near the Spanish border, the 170 hectares of mountainous vineyards is claimed to be the smallest *appellation contrôlée* district in France. It is certainly among the most attractive, with St Jean-Pied-de-Port the walled local capital. Mainly red; most of the wines are made by the co-op in St Etienne de Baigory, but the leading private firm is Brana in St Jean which makes a dry white too, as well as distilling delicious Poire William from its own orchard. In Irouleguy, Ilarria, a small grower, makes excellent Tannat wine.

Béarn-Bellocq. To the north of Irouleguy and centred on Salies-de-Béarn, this small district is best known for an attractive rosé, made two-thirds white from Gros Manseng and another local grape, Raffiat de Moncade, which has a slight sweetness on the palate. The main co-operative's red wine brand, unsurprisingly in this region, is named Henri de Navarre.

Tursan. Thirty miles north of Pau and based on the small town of Geaune, this is a VDQS rather than an AC district. The production is 50 per cent white and 50 per cent red, 90 per cent of this is made by the co-op. The red wine is Tannat blended with the two Cabernets, while the mainly Baroque white is a fairly strong countryish but fresh wine. Michael Guérard, proprietor of the famous spa restaurant and hotel in nearby Eugenie-les-Bains and the inventor of *cuisine minceur*, is a distinguished member of the co-op. He has his own 10 ha of white wine which is served in the restaurant. The British agent is Corney & Barrow, London, EC2.

Jurançon. The village is a suburb of Pau and the big co-op is in adjoining Gan, but most of its 600 hectares are to the south and west. The often spectacularly steep vineyards are on the first abrupt folds of the Pyrenees: lovely country threaded by a web of lanes. Until the 16th century Jurançon was red as well as white, but now is only white, made from the Gros Manseng for the dry and the Petit for the *moelleux* which is the district's delicious chief claim to fame. *Sec* was largely developed after the second world war, when sweet wines went out of favour. Tanners of Shrewsbury list the excellent Domaine Latrille's *sec* Ch Jolys '90 at £7.16 and the '89 *moelleux* at £7.19.

Madiran. Twenty-five miles north of Pau, this is the largest and most distinguished AC red wine producer of the area, with nearly 1,300 ha and 50 owners who bottle and market their own wine. It is the centre of Tannat country, accounting for 70 per cent of output, with the two Cabernets forming the balance. Three co-ops make most of the 550,000 cases of AC wine – although even today only 10 per cent is matured in oak. By the standards of the region there are several large estates. The biggest is Ch Montus and Ch Bouscassé with a combined 60 ha, owned by the energetic Alain Brumont, followed by the Laplace family property of Ch d'Aydie with 45 ha. The other leading vineyards include Chapel Lenclos, Dom. Berthoumieu and Lafitte-Peston. There are strong local efforts to improve quality and limit grape yields, as well as united promotional efforts to improve the image of this historically celebrated deep-coloured, bold, full-flavoured wine. A small amount of dry white is produced under the somewhat hard-to-sell name of Pacharenc du Vic Bilh, but it is welcome in the region's restaurants. In the UK Madiran comes and goes on merchants' lists, but deserves more exposure.

Saint-Mont. Much the largest district, covering a wide area in the south-west of the Gers department, to the north of Madiran and the east of Aire-sur-Adour. It only acquired VDQS status in 1981 and is dominated by a union of three co-ops in Saint-Mont, Aignan and Plaisance that sell a large proportion of the 11m bottle output under the name Playmont, with Collection Playmont reserved for the better qualities. About 60 per cent of their production is the popular Vin de Pays Côtes de Gascogne, and a quarter of all Madiran is made at Saint-Mont. The top wine is the Tannat/Cabernet Ch de Sabazon, adjoining the fine, turreted 15th century castle.

Enough to tempt a saint

*A man of many parts inspires **Kieran Cooke's** choice of food*

I HAVE always had a soft spot for St Francis Xavier. He had a tough enough life, wandering around the Far East long before the days of decent hotels. And death did not bring peace; far from it. His fellow Portuguese decided that Francis, being the great man he was, should be shared around.

There must be more parts of Francis spread around the world than any other saint. A hand in Macau, a leg or foot in Goa. A substantial slice of him in Lisbon. Various parts rumoured to be in Africa.

And so we move from saints to stomachs. The connection is simple. I was climbing a hill above the town of Malacca, on Malaysia's west coast, getting the juices flowing in preparation for a slap-up meal.

St Francis was buried in Malacca for a few months before being carted off and cut up. There is a statue to him on the hill (one hand is missing). Having paid my respects, the main business of the evening began.

Malacca is the home of nyonya food, one of the world's great, but least-known, cuisines. Nyonya, basically, is a delicate blending of Chinese, Malay and Indian. Lest anyone think this might be yet another example of composite cuisine, along the lines of spaghetti and chips or souvlaki and peas, it should be stressed that nyonya has been around for a considerable time and has developed an identity very much its own.

At about the time in the mid-16th century that St Francis, still in one piece, was doing his eastern rounds, Chinese immigrants were drifting south into Malay waters. They settled in what later became the Straits settlements: Penang, Malacca and Singapore.

Many inter-married with locals and, over the generations, local customs were adopted. The women – the nyonyas – wore the Malay sarong. The men – called babas – built houses mixing both Chinese and local architecture. Known collectively in Malay as Peranakan, many became wealthy members of an emerging merchant class. They developed their own Malay-based patois.

There are still plenty of Peranakan in Malacca today. Some of the architecture still survives. But the food is the most enduring feature.

To call the recipes complicated is an understatement. A traditional nyonya would take hours to prepare a meal. Like all great cooking, instinct and approximation are far more important than rules on ingredients and detailed measurements. In Malay, this loose cooking style is called *agar agar* – equivalent to "a pinch of this and a splash of that."

There are leaves and nuts from Indonesia. Spices – plenty of them – from Malaysia, India and Thailand. Dried fungus, called Cloud's Ears, from China. Yellow rice with hard-boiled eggs dyed red. Coconut and tamarind. Shrimp paste and blimbing (a small, sour fruit). All these, together with fish, chicken, beef or other dishes, are mixed to make a lip-smacking meal.

A nyonya feast might start with *otak-otak*. In Malay this means brains but it is, in fact, fish cake mixed with coconut and spices, cooked and served in special herbal leaves. Then you could move on to such dishes as nyonya *laksa*, (noodles with prawn paste featuring liberal helpings of chillies and other spices, dried fruits, lime and pineapple); beef *rendang* (dried beef with a sauce capable of ringing alarm bells down at the fire depot); and perhaps a nyonya-style fish-head curry.

On no account should one sidestep the pudding. The Peranakan are hearty believers in their *kueh* – small cakes and jellies, usually either stuffed or covered in coconut, sometimes both. For something truly local, *gulam* Malacca should not be missed: sago pudding cooked in brown sugar and coconut milk.

The meal is best washed down with liberal amounts of tea. A cooling beer is excellent to have afterwards, relaxing in a cane armchair under a fan. Wine, up against all those far stronger tastes, is a waste of money.

There are those who might want to rush out and try a bit of nyonya *agar agar* for themselves. My advice would be to save up and go to Malacca instead. Two excellent restaurants are ready and waiting. One, the Peranakan House in Cheng Lock street, is in a traditional Peranakan house. Such is the noise level in many restaurants in the East, conversation can be very limited. But here there is peace and quiet – and great food.

The other restaurant, a sister to the one in town, is in an old Chinese mansion at Klebang Besar, about five miles out on the coast.

I assume that Francis is up there, tasting the succulent fruits of heaven. But it is a pity he could not have stayed together longer – in body and soul. Even a saint might be tempted by nyonya food.

Cookery / **Philippa Davenport**

Cheap, fresh – and quick

THE IDEA of being able to stop off on the way home from work to buy a ready-prepared meal is appealing. Pop it into the oven, take a shower, put your feet up with a drink and, presto, dinner is served.

That is the theory. But what separates this dream from reality is quality. Every supermarket and high street chain now has menus that are supposed to satisfy career-minded business people who are too tired to cook. The trouble with mass-produced food, however, is that it is mass-produced.

Monosodium glutamate, onion powder, colourants, stabilisers and other undesirable additives are much less rampant than they used to be, thank goodness. Even so, chill-fresh dishes conceived in central kitchens for network distribution tend to fall flat. Prepared on too large a scale to bear the imprint of any one cook, and more concerned with shelf life and uniformity than good textures and tastes, they lack any real character.

Blessed are those who live in neighbourhoods with a friendly deli-cum-traiteur selling good hot food. Charcuterie, cheese and salads are all very well in summer, but body and soul need something more warming in unpredictable March.

Such shops, usually owned privately, tend to cater the way we do at home. Fresh foods are cooked today for eating this evening. Recipes are personal and flexible. Pots are stirred and tasted, with ingredients added and seasonings adjusted along the way.

For those without a shop like this, self-catering seems the only solution. The quicker the recipe, the better when the cook has already put in a hard day's work at the office. And many people will agree that spending a little more than usual on ingredients is well warranted when you want a good meal – fast.

To major on such ingredients as scallops, steak, duck breast or calves' liver could strike you as extravagant – but is it? In practice, home-cooked dishes using these are likely to cost no more than mediocre meals from high-street multiples.

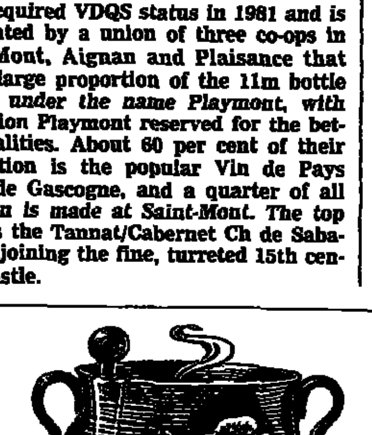
If, on the other hand, you cook a quick recipe based on such ingredients as chicken livers, herring roes, mackerel or pasta, you can enjoy a high-speed meal at bargain basement prices – just right when Budget day looms.

SALMON UNDER A CRUST
(serves 2)

A green vegetable such as broccoli, lightly-steamed spinach or French beans, goes well with salmon cooked this way.

Ingredients: 1 tail fillet of salmon weighing 8-9 oz; 1½ oz fresh bread crumbs; 1 small shallot; the finely-grated zest of half a lemon; 1 tablespoon each chopped chives and parsley; 1½ teaspoons chopped tarragon; extra virgin olive oil; freshly-squeezed lemon juice.

Method: Chop the shallot finely and soften it in 1 tablespoon of olive oil. Away from the heat, add 2 teaspoons lemon juice, then stir in the crumbs, lemon zest, herbs, some salt and pepper.



Skin the salmon and brush it all over with a scant teaspoon each of olive oil and lemon juice mixed together. Lay the fish, skinned side up, on a grid laid across the gratin dish in which you will serve it, and grill for about 4 minutes under moderate heat. Turn the salmon, then sprinkle and press the savoury breadcrumbs lightly over it. Never mind if some of the crumbs fall off the fish into the dish; they won't be wasted. Slip the dish back under the grill and cook for 3-4 minutes more until the salmon is just cooked through, but still moist and tender, under a crust.

MUSTARD MACKEREL
(serves 2)

This is an even more effortless recipe. It comes from Nigel Slater's *Real Fast Food*, about which I enthused in my Christmas round-up of cookbooks and which has been shortlisted for the Andre Simon award.

Ingredients: 4 mackerel fillets (2 mackerel); 2 tablespoons whole-grain mustard; 1 tablespoon olive oil; the juice of half a lemon.

Method: Oil a shallow ovenproof pan lightly. Mix the mustard with the lemon juice and olive oil and spread it over the mackerel fillets. Lay the fillets, skin side down, in the pan and cook them in an oven heated to 425°F/220°C (gas mark 7) until tender enough to cut with a fork: say, 8-10 minutes.

Lift the sizzling fish out of the pan and serve with a watercress and blood orange salad and good wholemeal bread.

***Lucia van der Post** keeps her nose to the ground in search of carpets — and finds some which are simply too interesting to go on the floor*

Pulling the rug from under your feet . . .

FOR MANY people rugs are more than just a floor-covering — they are an art-form, beautiful, useful, and, once hooked, collecting them becomes a life-long obsession.

Buying rugs is fraught with traps for the ignorant or the unwary but for those who long to know more about them Alastair Hull and José Luczyc-Wychowska have just produced a sumptuously illustrated book — *Kilim, The Complete Guide* (Thames and Hudson, £36) — which looks at their history and origins, and the varying techniques and designs that go to make them up.

Besides being a visual guide to the multifarious designs found in these beautiful flat-weave carpets, questions such as how to collect and care for them and where to find a dealer have been addressed. Anyone embarking on even the simplest purchase would do well to buy this book first.

When it comes to buying rugs it is as well to define what you really want. Those, for instance, who are looking for attractive, affordable floor-coverings rather than rare works of art might like to know about David and Sarah Richardson who have set up a carpet shop in Sussex (26 Southgate, Chichester. Tel: 0243-533025). They specialise in offering well-made, affordable modern rugs. They do get the occasional antique and are always happy to look out for special pieces for customers but the bulk of their stock is modern rugs from Turkey, Persia and Afghanistan.

They buy directly From Turkey to keep the prices as low as possible and all the rugs are made in the traditional way, hand-woven, hand-knotted, from good quality wool using natural dyes. Some are slightly sun-faded as the current taste runs to colourways that are gentler than the dyes.

The Richardsons buy from three main carpet-producing areas — Dosemealti (lots of reds, blues and bottle greens with touches of ochre), Kars (in the Armenian part of Turkey where the rugs are based on old Caucasian designs — very bold but in soft, rather pastel colours as in the rug photographed below right and Milas in Anatolia (here designs are often based on stylised tree-of-life motifs or flowering diamonds within a prayer-mat format).

YOU could buy a small rug (4 ft by 2¼ ft) for about £110 while for about £400 you could find a a 7 x 5.

Apart from the rugs, the Richardsons sell kilim covered furniture, everything from footstools (starting at about £110) to sofas. When in Turkey they buy worn rugs and always have a supply so that customers can choose something to suit their own schemes.

Another supplier worth knowing about is Christopher Legge Oriental Carpets, of 25 Oakthorpe Road, Summertown, Oxford. He is the chap to go to for old tribal and village rugs, whether Hamadans, Belouches, Afghans, Q'ashgais, Turkomans or Caucasians. Like everybody else, though, he has found the supply of quality old rugs dwindling and he also sells top-class modern rugs such as Gabbehs from Iran and those made under the Dobag project in Turkey (Dobag being a government initiative to reintroduce traditional methods of weaving and dying).

Prices range from small mats costing between £40 and £50 and a large old piece selling for £5,000. In between you could find a 3 ft 4 in by 2 ft 5 in rug for £195, a 5 ft by 3 ft 7 in for £395 and an 11 ft by 7 ft for £2,500.

Christopher Legge will also clean and restore. Cleaning costs £35 a rug up to 24 sq ft and thereafter 50p per sq ft (plus vat).

Stothert Kilim Covering is not so much a source of kilims, more a place to go for kilim-covered furniture. A wonderful way of using rugs that are too old or frayed to survive underfoot, Stothert will use any of your own pieces for covering cushions, pouffes, sofas, stools or chairs. For those who do not happen to have any dilapidated rugs Stothert is also offering all his designs covered in his own kilims.

As you can see from the photograph here (bottom right) the pouffes make exceedingly attractive portable informal seating and doubles as an informal table, as well, somewhere useful to store the magazines or newspapers, hold the cup of coffee or rest the legs.

Kilim cushions start at £14.30 for the smallest and go on up to £56 for the largest, the pouffes start at £105 for the 18 in by 12 in high size and up to £285 for the largest, 34 in by 14 in.

Equivalent prices if you supply your own kilim (or indeed any other fabric, for kilims are not obligatory) are £92 and £124.

Armchairs are £725, while two-seater sofas are £1,300. For those who have had enough of kilims, it is worth knowing that Stothert also offers a range of tartan cushions, neatly finished and piped for prices starting at £14.30. Stothert Kilim Covering operates from Saltcote House, Glasson Dock, Lancaster LA2 OBS. Tel: 0524-844078.

Finally, if you have a rug or carpet, no matter how modest, that is showing signs of wear and tear, that has suffered the usual fate of carpets in households where real-life goes on, then you might like to know about Behar Profex. A family business started some 80 years ago, it cleans, renovates and restores.

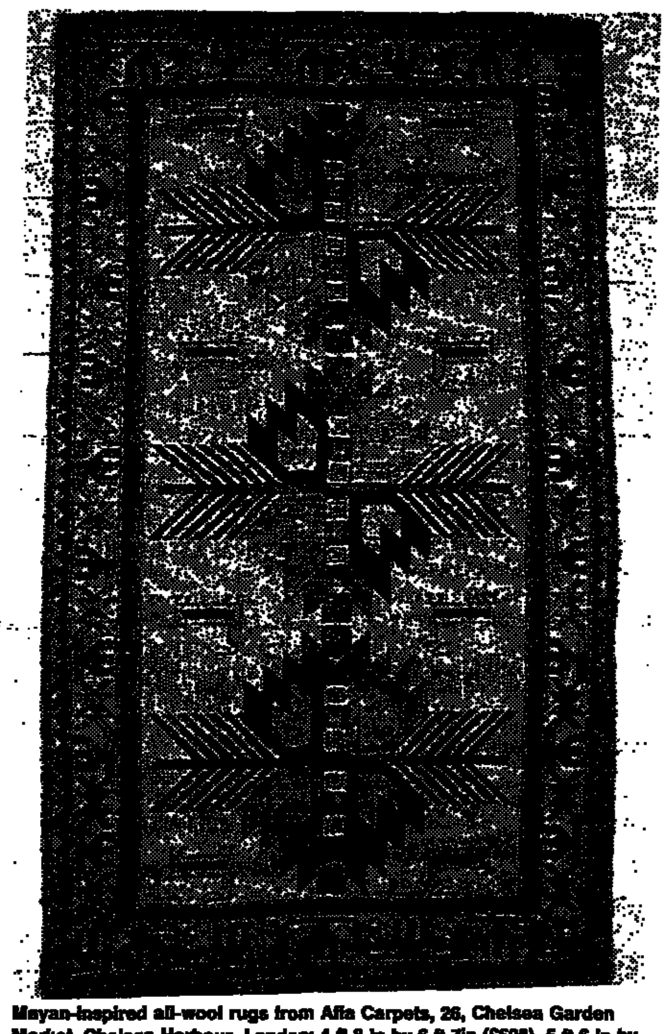
While it does a lot of grand work, restoring treasured heirlooms and valuable museum pieces (English Heritage, the National Trust, Christie's and Sotheby's are all customers) it is equally happy to take on pieces of more modest lineage.

The company will do everything from a simple cleaning job to a full-scale restoration; it has restored a rug nibbled by mice, and removed stains from a collection of Turkish rugs stained by flooding.

Prices vary according to rug size and complexity of work but the starting price for cleaning a small rug would be about £50. Contact Behar Profex at The Alban Building, St Albans Place, Upper Street, London N1. Tel: 071-226-0144.

David and Sarah Richardson surrounded by a selection of their wares in their Chichester shop

Modern Turkish rug from Kars, 9 ft 5 ins by 5 ft 4 ins, £520 from David and Sarah Richardson



Mayan-inspired all-wool rugs from Afia Carpets, 26, Chelsea Garden Market, Chelsea Harbour, London: 4 ft 8 in by 6 ft 7in (£608), 5 ft 6 in by 7 ft 10 in (£854) and 6 ft 7 by 9 ft 6 in (£1207)

Kilim-covered pouffes (£285 for the large size, £105 for the small) from Stothert Kilim Covering

Open house on design solutions

IF YOU are interested in the latest looks for hearth and home than you might like to know that, from March 21 to 25, 24 showrooms in Chelsea, London, will be holding open house from 10 am to 5 pm every day. All you need to do to join the design caravanseral is to visit any of the participating companies — there you can ask for a pass and from then on be transported from showroom to showroom courtesy of Vauxhall Motors.

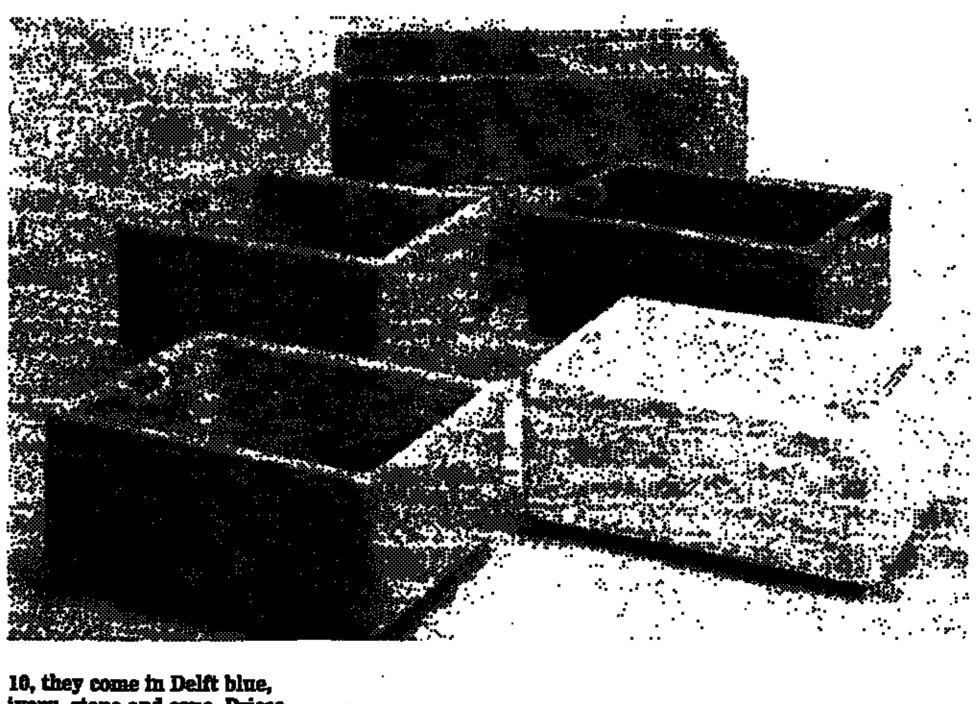
Companies range from old-established and respected traditionalists such as Colefax and Fowler and Nobilis-Fontan to more recent arrivals on the decorating scene such as Jane Churchill and Beaumont & Fletcher. All will be showing the latest hot looks for the house. If you want details on Chelsea Design Week (as it is called) write to Chelsea Design Week, 12 Hillgate Place, London, SW12 9 ER enclosing an sae.

■ Heated mirrors sound like one of those simple ideas that leave one wondering why nobody thought of it before. We all know that irritating moment after a good hot bath or shower when we find the mirror is all steamed up, making shaving or putting on make-up becomes hazardous.

Now Malcolm Syme has developed a range of heated mirrors — as pictured below right — which solve the problem. Connected to the lighting circuit, each mirror has a heating element which starts warming the glass when the light comes on and so prevents it steaming up. They come with or without primed, pine or "old gold" frames, with their own Razorlight, or plain so that you can choose a surround of your own.

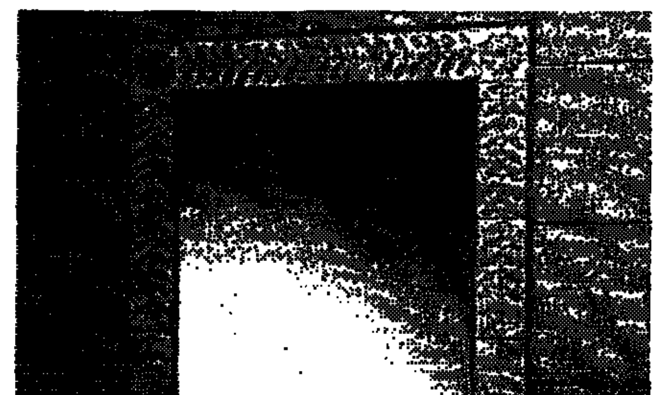
Sizes are 420 mm wide by 500 mm high, 515 mm wide by 590 mm high or 420 mm wide by 565 mm high. Prices start at £99.95 and include instructions, two screws and one electrical connection. The mirrors are available at Solaglas of Coventry and Dawson & Gibbons, 55 Red Lion Street, London WC2 as well as by mail from The Heated Mirror Company, Sherston, Wiltshire SN16 OLW. Tel: 0666-840003.

■ Traditional Belfast Sinks — solid, plain, sturdy, as pictured above right — are much sought-after in certain decorative circles. Some prefer them plainest of all in white but there is now a range of colours and sizes to choose from. From the smallest, 24 in by 18 ins by 10 to the largest, 36 ins by 18 ins by 10, they come in Delft blue, ivory, stone and cane. Prices range from £72.64 to £180. For details contact Ceramic Traditions, Bullers Lane, Hoddlesden, Lancashire BB3 3 NX. Tel: 0254-761500.



■ For those who love antique linens but have neither the time nor the know-how to track them down Penny Kempton has the answer — she has a range of bedlinen made to her specifications in China, all based on authentic antique designs. Many are replicas of Edwardian and Victorian designs, all are hand-worked and most include hand-embroidery, drawn threadwork or crochetwork.

Penny Kempton started commissioning antique designs because of ever-increasing prices and the difficulty in tracking down original antiques. Everything is pure linen, which means they are not cheap but they are good value — a linen top sheet costs £199 and a linen pillowsham with drawnthread work and crochet edging is £34. There are embroidered duvet covers (from £94 for a double) with matching pillowcases (from £22 for standard, or £28 for continental size of 26 ins by 26 ins) as well as hand towels, place mats, napkins and the like. They can be bought by mail (a free brochure is available from Penny Kempton, Antique Designs, Orchard Farm, Antrobus, Cheshire CW9 6JY, tel: 0565 777376) or from 50 stockists in the UK. Ring Antique Designs for your nearest one.



LvdP

FASHION

Grunge to grab the grown-up glamour girls

The shock value has been tamed, but faded and floppy is still the in thing, says ***Avril Groom***

ARE YOU frightened of flares? Does grunge fail to grab you? If that is how you feel about this spring's much-hyped floppy, faded look, think what it is like for the stores which have to try and sell the clothes.

The young, who will embrace this 1970s-inspired style with open arms, will go for a mix of chain store, DIY and second-hand. But real spending power lies with a more sceptical, conservative market. Many will remember a similar look from last time round and will take some convincing that they want to wear it again. So the problem presently exercising minds among buying and display departments is "grunge for grown-ups – how to make it wearable."

Buyers for leading stores all believe that there is a market and that by summer the customer will forsake power tailoring for a softer, layered, more muted style – *provided* it is presented in a way which she finds believable.

Quite why British women of a certain age should wish to express solidarity with a look that originated in young street musicians from Seattle and avant-garde designers from Paris venting their anger at the consumerist values of the late 1980s may look like one of fashion's mysteries. But it is a classic example of the way in which trends evolve.

An idea with shock value, often politically-motivated and created by improvisation, catches the imagination of designers with street credibility, who use it in their collections to attract media attention. The consumer thus becomes aware of it and, by the time it is filtered through the modifying hands of mass-market manufacturers, she is used to seeing it and happy to wear it.

The consumer probably knows little and cares less about its philosophical origins but according to Ruth Chapman of Matches in Wimbledon, south west London, an experienced filterer of trends: "She knows something new is happening and she wants to be in there".

Besides which, seeming unalert to current trends could imply that you are out of date in other areas of your life including – horrors! – your profession, hence the pressure to adapt to the new.

The shops are under another pressure – the simple one of meeting sales targets. It is up to them to make a radical idea irresistible to the shopper. Geraldine James, designer separates buyer at Harrods in London, has found this easier than expected. Initially somewhat suspicious of the grunge look, she has found herself "re-ordering flares and flower-sprigged frocks each week since the sale ended. People are delighted to find a really fresh look after years of the short-skirted suit."

The outfit she put together for us – black flares, a ruffled shirt and patchwork sleeveless jacket – may look quite extreme but, as she points out, it is open to many interpretations.

"You can take each element separately," she says. "Flares are a basic component but try them in a soft fabric like crêpe or jersey, which won't grip your upper thigh or jut out abruptly, with a long, fitted jacket already in your wardrobe. Look critically to check the proportions are right. The soft shirt can go under the same jacket. Patchwork is a strong 1970s theme but a lot of people already own a plain sleeveless jacket or waistcoat which can go with that soft shirt."

It is, she says, a question of rethinking an existing wardrobe rather than investing heavily in new pieces. "Find something with a soft, lacy or transparent effect to go under your jacket, rather than a crisp shirt. And most people already have a flowery frock, so now think about layering it – putting a skinny T-shirt under and a little waistcoat or cardigan over."

For Ruth Chapman, softness is the crucial point. "My customers will see grunge as ease and fluidity rather than that scruffy waif-like look. The one essential buy is a floppy cardigan or waistcoat to replace the jacket. Wear it over soft layers, preferably chiffon, and you have a new, very feminine look which men far prefer to power dressing. I think a smart silk cardigan looks just as good for work as a tailored jacket. Mixed print is also a strong look which is fine as long as you stick to two neutral colours like black and beige or navy and white."

At Fenwick, "accessories make the look", according to Cathy Harris, buying manager. "You can go as little or as far into the 1970s thing as you want just by adding accessories to a few basic pieces such as a print frock or wide, soft trousers. That way you update without spending a lot.

"The basics are hats – floppy-brimmed straws or crochet berets, a long scarf tied round head or neck, long ropes of glass beads, wire-framed or small-lensed sunglasses and espadrilles or clogs. But whether you allude to the style with one item or load the lot on is a matter for the individual."

Joseph Ettedgui, of Joseph, in London's Brompton Cross, believes that the aesthetics of proportion will win women over to the softer look. "You only have to try on shoes with a small platform to realise they look better with wide, soft, maybe even flared, trousers," he says. "The easiest way to get the look is with knitwear because it is so soft. We have done knitted flares with a skimpy waistcoat top to give the right proportions. But we have also put the same unreconstructed details, like seams on the outside, on more conventional shapes."

Even chain stores are on the soft and floppy bandwagon. Marks and Spencer is doing brisk business with flares, while Principles set the tone well with a spring brochure full of ruffle-collared jackets and soft fluted dresses.

But, as the so-called supermodels are discovering, it is not just the clothes that set the look. "Big hair" is definitely out, but if the prospect of lank, centre-parted locks is just too dreary, a smooth bob to the collar or shoulder-length looks good, as does a short feathered cut if you have the requisite gamine bone structure.

Make-up is as soft as chiffon, with pale or brown-tinted lipstick and plummy, Biba-esque eyeshadow colours applied with the lightest of touches. But painted-on lower lashes and false eyelashes should remain the preserve of those for whom the 1970s are a new trip.

Left, linen knit waistcoat by Nicole Farhi, £129, viscose dress by French Connection, £59, both from Fenwick. Body by DKNY, £105, wooden cross necklace, £15.30, shoes by *Carvela*, £59, *all from* Harrods.

Make-up by Lucie Llewellyn. Hair by Matthew Cross at Nicky Clarke, W1. Photographs by Ken Niven at the Langham Hilton Hotel, *Portland Place, W1.*

Above left, viscose/polyester jacket, £129, and matching trousers, £55, both by Grace; scarf by Jane Shilton, £9.95, all from Fenwick, New Bond Street, London W1. Hat, £130 from Herald and Heart Hatters, 131 St. Philip Street, London SW8. Above right, patchwork silk waistcoat by Tom Gilbey, £295, shirt by Future Ozbek, £165, *stretch flares by Vertigo,* £105, necklaces, £15.30 each, all from Harrods, Knightsbridge, London SW1. Cork-soled clogs, £45 from Shelly's, Oxford Circus, W1 and *081-450-0066 for mail* order.
Left, silk chiffon blouse by Jasper Conran, £295, chiffon skirt by Byblos, £330, cashmere waistcoat by TSE, £132, jersey body by Future Ozbek, £100, all from Matches of Wimbledon, SW19. Crochet straw beret by Gabriela Ligenza, £35 from Harrods.
Right, triacetate/polyester crêpe jacket, £149 from Principles branches. Knit top by Sportmax, £99, polyester viscose flares by Charles Gray, £49.95, sunglasses, £24.99, all from Fenwick. Silk scarf by Kenzo, £80 from Harrods

FASHION

Dressing for the Professions - **The Banker**

Hats off to the City sober-sides

Only a fool would pretend that how you dress does not matter. And nowhere is it more important than in the workplace, where your clothes send out a clear message to colleagues and clients. Every profession has its own nuances. To the outsider they may seem arcane, even pointless; to the insider they show fine distinctions of attitude. Here Richard Rawlinson, in the first of a new series, cracks the code of City Man – and City Woman.

Tony Andrews

Colin Beere

David Burns, 43, is director of the London office of Banco de Progreso in the City and is keen on off-the-peg suits. He says: "On the whole, as I seem to be a standard size and I don't like spending a lot of money on what are, after all, my working overalls. I travel a lot and generally buy my suits at Brooks Brothers in New York where I pay somewhere between £300 and £350 a time. But I do own a couple of Hackett's ones which cost rather more but which I particularly like to wear when I want to look very English.
"I'm more particular about my shirts and ties. I buy my shirts from Crichton in Elizabeth Street – their shirts are very like pukka Jermyn Street ones. I like the colours and the fabrics and they're just £25. Some of my ties come from Crichton, some, inevitably, from Hermés, and if I want to look colourful my Garrick Club tie. My shoes are from Church's.
"On the whole we have to be fairly sober-suited here so there isn't too much room for flamboyance or innovation." David Burns is photographed wearing a wool dark grey herringbone suit from Brooks Brothers and a shirt from Crichton. His tie is by Coruzzi, Piazza Meda, Milan. Crichton is at 34 Elizabeth Street, London SW1.
■ Penny Scott, of Hambros, wears a grey flannel suit by bespoke dress designer Philippa Robertson; pink shirt by Thomas Pink and shoes by Carvela from Harrods

THE CITY'S equivalent of the bra-burning woman of the 1960s was the merchant banker who left his bowler hat at home. In the City of London, social revolution stands aside for subtle evolution. But evolve it does, and the transition from the extravagant Eighties to the nervous Nineties is as clearly defined as the stripes on a New & Lingwood shirt.

Gone are the wide red braces inspired by Gordon "greed is good" Gekko of the film *Wall Street*. Gone, too, are the brashly-coloured silk linings of power-shouldered suits. The popular image of the yuppie, making easy money over the mobile telephone while driving his Porsche down the Strand for a four-hour lunch at the Savoy, is now a distant symbol of the Thatcher decade.

The Square Mile of today is a much more sober place than it was a few years ago. A combination of enduring recession and a string of high-profile fraud scandals has transformed bankers into a more humble breed, reflected by their increasingly sedate dress codes.

The cult of the individual is eschewed in favour of faceless, corporate operators. When a young and snappy Warburg Securities employee inadvertently appeared in a photograph on the front page of the *Financial Times* at the launch of the British Telecom privatisation, he was reprimanded by a superior. Flamboyant dressers are suspected of egotism and rebellion and, with fewer jobs on the market, bankers can see the sense of keeping a low profile and presenting themselves to clients as studious advisers.

Bold pinstripes have been toned down to chalkstripes or to navy or grey herring-bones and grey birdseyes. Prince of Wales checks, which crept in among a few daring bankers in the 1980s, are now reinstated as spectator sportswear. If any British banker envied US counterparts at Goldman Sachs and Chase Manhattan their summer suits in cool cotton tan, they have now lost all hope of ever being accepted at work in such informal attire.

Wide striped shirts have also given way to narrow stripes or plains in pale blues, pinks and creams. Classic gold cufflinks are now prefered to the frivolous Mickey Mouse links of yesteryear. Gentlemanly grey socks have replaced the once familiar flash of garish colour between polished, black Church's shoes and trouser turn-ups. Only ties remain as the last bastion of self-expression, with circus animal prints by Hermés – or imitations by Thomas Pink – replacing polka dots and paisleys as the ultimate in City chic.

Lazards merchant banker Simon Pryce confirms that what was *de rigeur* a few years ago is no longer acceptable. "A colleague wears a paisley-backed waistcoat which is considered outrageous," he says. "While there is still a lot of money in the City, the emphasis is away from flaunting wealth towards buying well-cut, well-made, classics which will last a long time."

In a nutshell, the understated style of the traditional British gent, which has always reigned supreme among the predominantly public school and Oxbridge-educated City establishment, is back on top. While some younger bankers were carried away on a wave of internationalism during the designer decade, they have now come back to their roots.

However, it is, perhaps surprisingly, not Savile Row and Jermyn Street which are the main beneficiaries of the preeminence of *le style anglais*. The emergence of small bespoke tailoring business – usually run by enterprising county girls operating from Fulham – are catering for busy bankers by taking business to their offices. Similarly, mail order shirt companies such as James Meade are increasingly popular among people who have little time for high street shopping.

Gerry Grimstone, senior director of Schroder Wagg, has his suits made by the similarly named Georgina Grimston, whose company employs former Savile Row tailor Leo Costanzo, formerly of Huntsman and Henry Poole.

"People want better value for money as well as quality," he says. "They also want the convenience of being fitted at work or at home instead of having to waste a Saturday afternoon at the tailor." Georgina Grimston's suits sell from £600 to £800 with an extra pair of trousers, compared with Savile Row price tags of around £1,500.

Rosemary Richards, another tailor, confirms the renewed conformity in City dressing but adds that suggestive selling during fitting sessions can leads to clients risking more adventurous styles. "Most bankers say they just want to look like everyone else in the office, but when we say that the narrower leg is back in fashion and that single breasted suits are more popular than double breasted ones, they often agree to experiment with cut."

The status quo does not change very much when applied to women in the City, even though there are fewer rules dictating their appearance. While some overtly fashion-conscious women hold senior positions, most adhere to the men's uniform of suits and pale shirts. These are then usually accessorised with reassuring pearls and flat, black, patent leather court shoes.

Penny Scott, corporate finance manager at Hambros, says: "I don't want to go into a meeting and be noticed for ostentatious clothes. I want to be noticed because I do what I do well. If I wore a short skirt, people would think about my legs and not my brain."

Scott owns eight bespoke suits ranging in colour from plain grey, blue and olive green to a cherry red jacket with a black velvet collar which is teamed with a black skirt. "I may wear a dress if I am dining with clients in the evening," she says, "but separates are more practical for work. They can be mixed and matched and do not require as much dry cleaning."

Pressure to conform is, on the whole, a cause of amusement rather than irritation for most bankers. Anecdotes about the Square Mile's snobbery and archaic traditions are always being exchanged. There is the one about the new Lazards director who arrived with facial hair and was introduced as the "currently bearded" Mr .... There is another about Warburgs men ordering two suit jackets, one of which is hung permanently on their chairs so that bosses think they are working late. They say one can spot senior figures as they do not carry brief cases or umbrellas, leaving that to their chauffeurs.

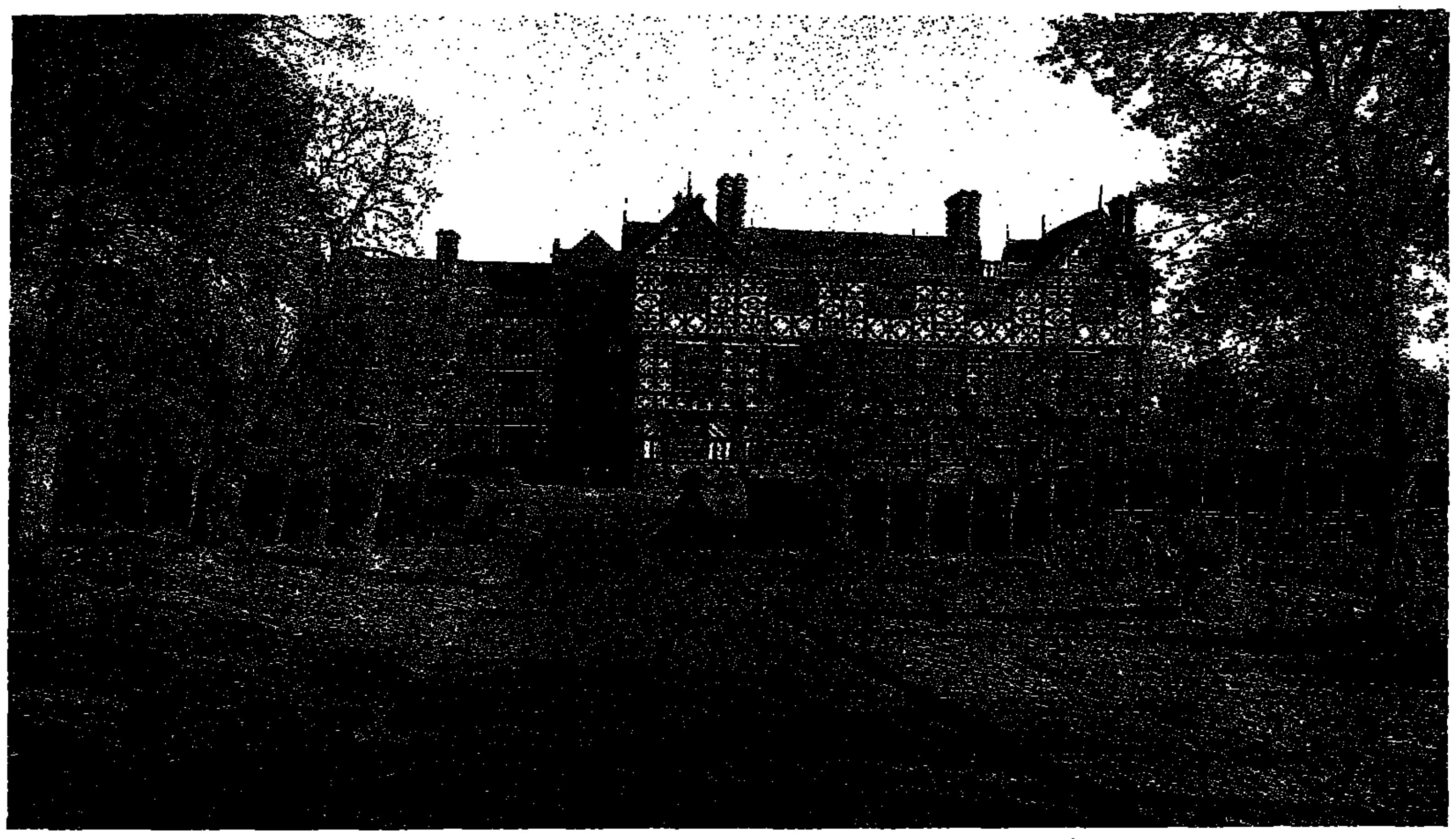
Considering the rampant uniformity, bankers are also remarkably interested in each other's sartorial choices. One Cazanove employee, who wished to remain anonymous, said that more financiers were wearing white Calvin Klein underpants nowadays than the colourful boxer shorts prefered in the 1980s. How did he know? "We talk about that sort of thing in the wine bar after work," came the reply.

PROPERTY

Where have all the aunties gone?

Rambling old houses can gain from the extended family, says ***Gerald Cadogan***

Side Cottage at Patterdale – Lowther Scott-Harden is seeking around £190,000



Broughton Hall, a Staffordshire Grade I Elizabethan/Carolean black and white house, is for sale through Strutt & Parker at around £750,000

IN NORTH-WEST England house styles are diverse; from the brick houses and the black and white half-timbered confections of Cheshire, to the rough stone cottages of the Lake District, there is property to suit all tastes.

The M6 and its connecting motorways hold the region together, making it easy to travel south or across the Pennines to Yorkshire or further north to Scotland. Manchester's newly-enlarged airport is another plus for the region.

For amusement and culture the choice is equally varied; from Blackpool illuminations to the museums and galleries of Manchester and Liverpool. And do not miss the treats in smaller civic collections, bought with profits derived from the heyday of Lancashire's cotton industry.

Sportswise you are spoilt for choice; football, rugby league, cricket at Old Trafford, the Grand National at Aintree, lake sailing, fell walking, fox hunting or pony trekking are on offer. That will stimulate your appetite for a farm tea – or dinner at Sharrow Bay, Ullswater – as you rest your limbs and dream of Wordsworth, daffodils, Beatrix Potter and Ruskin.

Winter life in the Lake District can be far from a dream. Most cottages and houses are built low to be out of the wind, the cottages usually dug into the bank and tucked under the fell. They look idyllic in summer. But winter means clouds hanging on the hills, and down in the dip no sun for weeks on end. Can you survive that?

Flash flood becks appear after a downpour and are through the back door before you can blink. Are you prepared? Before buying, check carefully the direction the house faces – north may be too gloomy – and find how much rainfall that particular part of the lake has, as it can vary sharply within a few miles.

In summer be ready for tourist traffic; cars take maybe 25 minutes to get through Ambleside. If you still want the lakes and a traditional cottage, then Side Cottage at Patterdale – Lowther Scott-Harden at around £190,000 – is a charming example. In the next price band the company offers the attractive white-painted 19th century Garth House at Skirwith in the Eden Valley at around £225,000, and the solidly Victorian Lane Hall at Weasdale for £265,000.

Sparket Mill, at Hutton John near Ullswater, a complete water mill with a kiln for roasting corn that worked until the 1970s (mostly oats for oatmeal), up to 20 acres, and fishing rights in the beck (trout and sometimes salmon), is on offer at over £250,000. It is a surprise that the agents still suggest that larger houses have a use as country house hotels, since so many have ended up in receivership.

An alternative might be the use of such homes for extended families. If only they could manage to unite and move back to use them as they were intended. But where have all the maiden aunts gone?

Turn-of-the-century Fayrer Holme at Bowness-on-Windermere has 11 bedrooms (10 with their own bathrooms), and planning permission for a hotel. Cluttons offers it at around £695,000, and similarly the Georgian Rusland Hall near Newby Bridge at £850,000.

Rusland is where the author Arthur Ransome, of *Swallows and Amazons* fame, is buried. More intriguing, and cheaper at £295,000, is Thackwood Nook near Carlisle, dating from 1681 and one of the two remaining Red Spear houses in the country. These were armed manors the local yeomanry held against border attacks.

In Staffordshire the superb Grade I Elizabethan/Carolean black and white Broughton Hall that belonged to the Delves Broughton family is now owned by an order of nuns who have made its 20 bedrooms into 34. Broughton could also become a hotel. Strutt & Parker offers it at around £750,000, with a cottage for about £125,000 more.

In Cheshire, Pinfold House (in brick) at Marthall comes with masses of stabling and a handy position for Manchester and the airport. Meller Braggins offers it with Jackson-Stops for about £695,000. A cheaper house with stables is Granary Farm, at Hawarden (Gladstone's country), 10 years old, in traditional style, and with a jacuzzi (Strutt & Parker, around £250,000).

More austere than either of these is the imposing Grade II* 17th century Alvanley Hall near Chester, built of stone to make clear its importance (Jackson-Stops, around £250,000).

■ Further information from: Cluttons, Carlisle 0228-74792 and (London) 071-408-1010); Jackson-Stops, Chester, 0244-328361; Lowther Scott-Harden, Penrith, 0768-64541; Meller Braggins, Knutsford, 0565-632618; Strutt & Parker, Chester, 0244-320747 (also 071-629-7282).

Cadogan's Place

Swiss snap up Joel's stud

This week, Gerald Cadogan, the *Weekend FT's* newly-appointed residential property correspondent, starts a fortnightly column of news and views on the property market:

GOOD NEWS for British racing, as the Cheltenham Festival nears, is that Swiss connections of the Marquesa de Moratalla have bought the late Jim Joel's stud at Childwick Bury, Hertfordshire.

Joel bred many famous horses including Royal Palace, Fairy Footsteps and Light Cavalry. The Marquesa, who owns Sybillin and The Fellow, currently Gold Cup favourite, may increase her involvement in racing there. Agents Strutt & Parker have not disclosed the sum. In September, when Childwick came on the market, the guide price was £2.5m.

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In Ireland, at Cashel, Co. Tipperary, the late Percy Harris's Athassel Stud will be auctioned on March 31. Its best known winners are Double Jump and Maelstrom Lake. The early Victorian house comes with several yards, 40 loose boxes and 93 acres. The guide price, a fraction of Childwick's, is more than £350,000, or over £200,000 for the house alone and 28 acres. Agents in Dublin are Hamilton Osborne King (01-676-0251).

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The pop world comes to market. Dave Stewart, of the Eurhythmics, is selling his London home in Randolph Avenue, Maida Vale. The house, on offer from Knight Frank & Rutley (071-629-8171) at around £500,000 freehold, looks traditional enough from the outside. Inside the stairs and halls are painted with trompe l'oeil urns and ruins.

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Near Rickmansworth, in Hertfordshire, John Reid, manager of Elton John, is selling Lockwell House, built in 1911. It has masses of rooms, 15 acres and the trimmings we expect of showbiz – a newly-built leisure complex with gymnasium, sauna and billiard room (complete with film screen descending from the ceiling), tennis court, swimming pool and floodlit helicopter pad. It could be yours for around £1.95m, through Savills (071-499-8644).

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At the opposite extreme a sixth-floor studio, with bathroom and kitchenette, in a portered block in Grosvenor Street, London W1 would be ideal for a regular visitor who does not want to pay hotel bills. And the price? Chestertons Residential (071-629-4513) invites best offers over £40,000 by noon on Thursday March 18.

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The following day best offers over £200,000 close for a Grade II manor house at Bittadon Barton in north Devon, with John Smale in Barnstaple (0271-42000) and Knight Frank & Rutley in Exeter (0392-433033). It is a 17th century building with splendid outbuildings but needs money spent on it. The agents have found that informal tendering works well for properties needing investment and two recent properties in Devon have easily exceeded the guide price.

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For the last six weeks anyone wanting to repair a property but needing access via a neighbour's land, has been able to apply to the courts for an access order. The Access to Neighbouring Land Act 1992 allowing people on to others' land to carry out basic preservation to their own property, came into in force on January 31. Simmons & Simmons (071-628-2020) has issued a note explaining how it works entitled *Love Thy Neighbour*.

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Halifax Building Society has published its second House Names Survey. The top five, with the first three the same as in 1988, are: The Bungalow; The Cottage; Rose Cottage; The Lodge and Hillcrest. Shangri La, Chez Nous and Casa Mia are still popular, but Dunroamin is restricted to Scotland, south east England and Yorkshire.

PERSPECTIVES

Everest: the ultimate high

Rebecca Stephens *sets off in the steps of Everest's first climbers*

LORD HUNT, the veteran mountaineer, looked at me gently. "Everest was not my favourite mountain," he said "And I doubt, my dear, it will be yours."

Only three years ago at mount Everest's base camp, I met four French women who I thought were, quite simply, mad for wanting to reach the 29,028ft peak. Surely women had more sense. Women wanted to create life and preserve it, not throw it away for a mountain, I thought. But this week I am on my way to Everest to face the same dangers as they did in an attempt on the summit.

Our expedition is intended to mark the 40th anniversary of the first ascent of Everest by the British expedition led by Colonel John Hunt. It has been endorsed by Sir Edmund Hillary, who, with Sherpa Tensing, was the first to reach that majestic peak on 29 May 1953. Our team – the DHL British 40th Anniversary Everest Expedition – will climb by the same route they took, by the Western Cwm and South Col.

We aim to raise £1m for Sir Edmund's Himalayan Trust, a charity which helps build schools and hospitals for the Sherpa people, and conserve their The expedition will cost some £250,000. Sponsors include DHL, New York-based investment banking group The Carter Organization, Sally Ferries, Glenmorangie, Foundation for Sport and the Arts and, clothing us head to toe, Karrimor. After two years of preparation we set off this week from Kathmandu to trek through the foothills to Everest base camp. In April we shall set up camps high on the mountain aiming to climb, weather allowing, in May.

The expedition, the idea of merchant banker Peter Earl and led by John Barry, a mountaineer of some repute, is nine climbers strong. It includes names such as Bill Barker, Harry Taylor, both Everest veterans, Dave Walsh, Dave Halton, John Rowe and Dr Sandy Scott.

I am going as an amateur. In the autumn of 1989 I was at Everest Base Camp reporting for the *Financial Times* on an Anglo-American attempt on the North East Ridge. I did not climb; had never climbed. But since then I have become quietly obsessed, abandoning holidays on the beach for the hillier parts of Africa, Europe – climbing Mount Kenya, Kilimanjaro and Mont Blanc – and most recently Alaska, where the Everest gang climbed north America's highest, and coldest peak, Mount McKinley. The addiction takes a hold, like any drug.

And now I want to be the first British woman to reach the top of Everest. What is it about the mountain that still draws climbers four decades after the first ascent?

"Everest became rather more than a mountain," Hunt says. "It is so easy to idealise our expedition, but there was enormous pressure to be the first expedition – and a British one at that – to climb the mountain. All the more so because following the war we were preceded [on the mountain] by the Swiss and to be followed by the French."

Hunt, and he suggests most of the 1953 team, agreed with the words of Eric Shipton – who until six months earlier had been leader of the expedition – when, on hearing of their success, said: "Thank Goodness, now we can get on with some real climbing."

In the last 40 years 469 men and 16 women have stood on the summit of Everest; 117 have died in attempts to do so. Man has climbed it solo, without oxygen, and in May of last year 32 people queued to stand on the summit on a single day.

Is the climb easier? Has Everest shrunk? Or is it that modern equipment – Gore-tex, quick-wicking fabrics which allow perspiration to escape, plastic boots, light-weight oxygen cylinders – and an advancement in the understanding of high altitude physiology has enabled climbers to overcome the effects of the drastic reduction in ambient oxygen levels and the associated susceptibility to the cold?

"It's easy to overplay the difference in equipment. I think we were well equipped," said Hunt; though undoubtedly the net weight of clothing and oxygen then was considerably higher than it is today.

"Stoves were important," he said; a comment that reveals quite how experimental such things were in the 1950s. The Swiss failed in 1952 because their stoves failed. The Brits knew this, and made sure that their stoves could melt enough snow to enable each climber to drink at least seven pints of liquid a day. It was revolutionary knowledge then, that it might be essential to consume large quantities of liquid at high altitude; today it is part of traditional mountaineering wisdom.

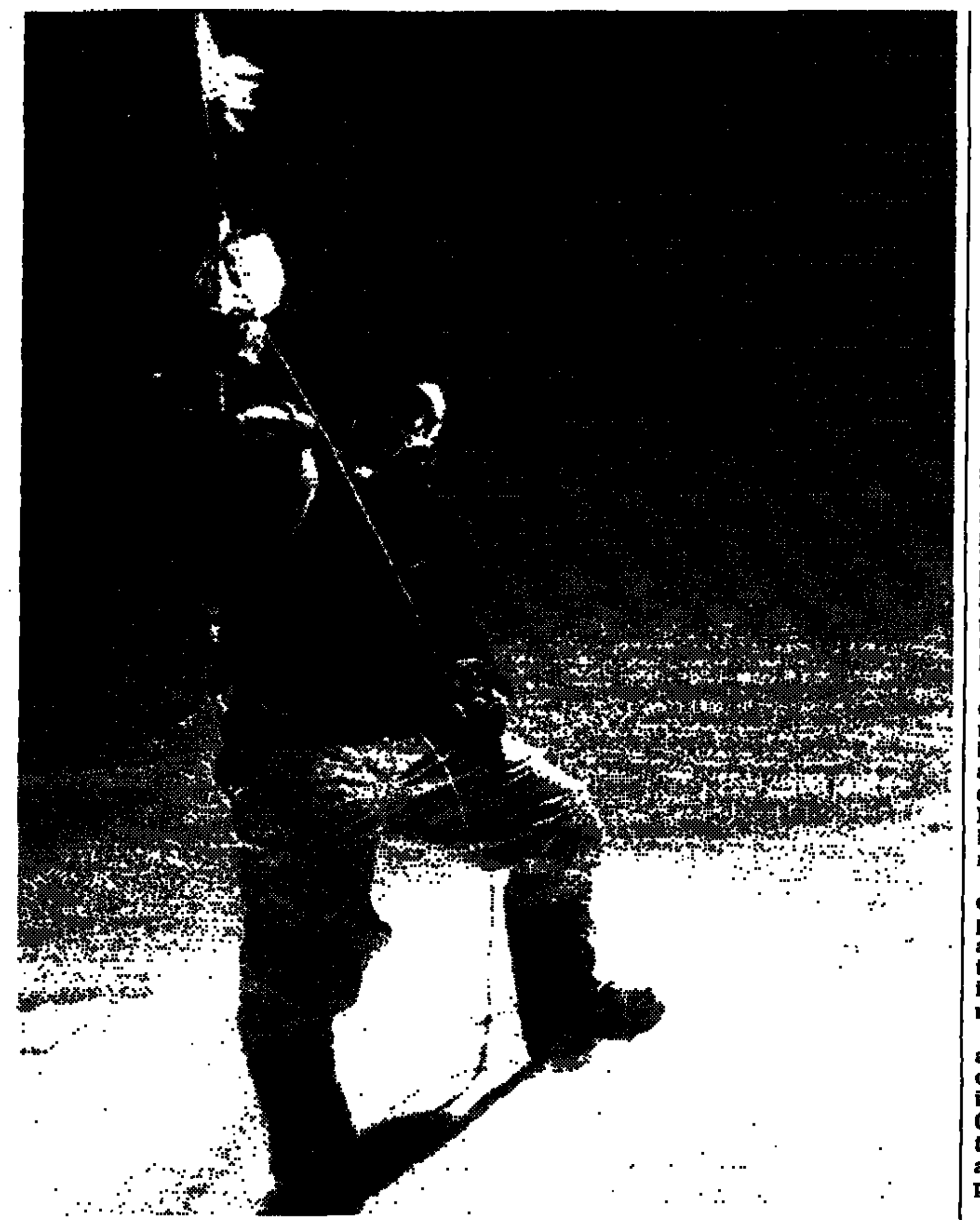
The biggest difficulty to overcome on that first ascent was, said Hunt, "the psychological problem."

To enter the Western Cwm climbers must first clamber up the Khumbu Icefall: 2,000ft of gaping crevasses and shifting monoliths of ice, that collapse and tumble with a whim.

"Terrifying," said Lincolne Rowe, an artist accompanying us on the expedition, who twice has been high on Everest. "I can say so; I'm an artist."

In Hunt's day it had been passed only twice: "It was a real hazard to be reckoned with."

A greater problem still was the *last* 1,000ft or so to the summit: "There was that uncertainty about man's ability to do it. The Sherpas suffered especially from those doubts, and their superstitions that they should incur the wrath of the gods for venturing above the South Col."



At the peak: Sherpa Tensing standing atop Everest 40 years ago

It was a sacred summit: "The monks at Thyangboche Monastery [in the foothills] quite clearly didn't want us to get to the top," said Hunt.

On the climbers' return the monks congratulated them – for "nearly reaching the summit."

How different today: Ang Phurbar, the head Sherpa on our expedition, has reached the summit twice. The barrier of doubt is down.

Might a woman have been invited to climb Everest in 1953?

"Inconceivable," said Hunt. "Had there been a girl she would have been one of us – that would be natural, normal," he reflected. But there were very few male climbers then, and especially few women climbers.

When the Duke of Edinburgh Scheme – of which Lord Hunt was a founding director – opened its doors to girls in 1958, it was considered their preferred pursuits might be make-up and hair-style, dress design and flower arranging, not motorcycle maintenance or potholing. This spring, eight young people from the Duke of Edinburgh Award Scheme – boys and girls – are accompanying us to Base Camp Everest, each one climbing Island Peak (20,380ft) en route.

In 1953, Hunt's expedition had Everest to themselves. This spring there will be some 20 expeditions on the south side of the mountain alone. But as Hunt chose to entitle his loosely autobiographical book, *Life is Meeting*. He, and Ed Hillary, George Lowe, George Band and Michael Westmacott will be rekindling their 40 year friendship at a 1953 Everest reunion in Khumbu this spring. With luck, we will meet them; and the old Everest hands will be able to throw a tips to nine modern-day aspirants, as they trek by.

Point of dispute

REMOTE and ancient, it rises out of the sea, in the shadow of the 1,500 ft peak of Roineval on the south east corner of Harris – a rocky headland like thousands in the Scottish Hebrides.

But Lingarabay point is not the same as all the others. Its special qualities mean it might be blown apart, pulverised and sold by the shipload as high grade aggregate in south east England, Germany and the Netherlands. In its place, when all the dust and noise has gone, will be a sea loch more than a mile square, but not a loch like all the others...

This grand scheme has caused an outcry from environmentalists. Yet it could bring prosperity to the island and alleviate pressures on the environment in the south of England where lobby groups have almost paralysed big mineral working applications.

Scotland, with its tradition of industrial extraction, less people and more space, may be a distant location from which to haul material, but royalties instead of £3.50 a tonne are nearer 10p.

Lingarabay is the only large and accessible British deposit of the rock anorthosite, which is especially hard and heavy. Can its removal, and substitution with a sea loch be balanced with prevailing philosophies of land use?

The government's commitment to sustainable development of natural resources is in difficulty when the resource is being developed by being deported. But language has been tortured to meet political ends before.

The matter of scenery, the Highlands core appeal, presents another teaser. Who is to say the sea loch left behind will not be pretty too? The only superquarry presently operating in the Highlands, at Glensanda on Loch Linnhe, has hollowed out a mountain from behind and inside, leaving main profiles intact.

Calnum MacDonald, MP for the Western Isles, thinks most local people would support the quarry plan if the terms were sufficiently generous. But all the expected national conservation bodies oppose the Lingarabay superquarry.

the owner of the underlying mineral rights, civil engineer Ian Wilson, presents the superquarry plan as an opportunity not a blight, and a possible saviour of the Outer Isles. He sees the quarry dust from pulverising rocks, not as a silicosis-carrying pollutant, but as a valuable mineral which, mixed with lime, could restore fertility to the island's tired and acid topsoils.

Wilson says the quarry would bring jobs in a depopulated area, stop young people emigrating, and fund a local enterprise zone. It would also provide him with a royalty on each tonne, which, with a production forecast of 10m tonnes a year, should not slip out of the equation.

What makes this dispute so evocative is the pristine beauty of the site, the dearth of local employment, and the sheer scale of the plans.

Financial sweeteners are being proffered to the community council and the mining company has already offered a local concession – no working on the Sabbath.

The Western Isles Council, its finances shattered by its investments in BCCI, is considering the application. Coastal superquarries have already been embraced by the regional council's structure plan. The Secretary of State for Scotland has asked that the decision, to be referred to him. With four other coastal superquarries in the Highlands being planned, Lingarabay will be seen as a test-case.

Most commercial developments in the Highlands are opposed by retired people or getaway types with no interest in local employment. Take the case of farmed salmon cages disfiguring sea lochs, one white settler (English immigrant) declared the uninterrupted sea-view was "a right", Which shows, perhaps, how the view colours the viewer.

Michael Wigan

TRAVEL

Beware of pelicans crossing

JDF Jones tells you how to avoid large numbers of Germans and rampant commercialism in Crete

WE WERE delayed in Siteia because the town's pet pelican climbed on to the roof of our Fiat and refused to get down for half an hour.

There was nothing we could do. You cannot accelerate down the road with a pelican on the roof; you hesitate to take a cudgel to him, or tip him into the ditch, because he is the size of a five-year-old child and evidently of an amiable disposition.

He stretched his great scaly neck over the windscreen, gazed at me with eyes as old as Tithonus, and tapped on the glass in a welcoming manner as he posed for the ever-lengthening queue of German tourists. Then he left his signature on the roof.

Pedro the pelican will have to serve as symbol in today's Greece: something to do with the visitor's difficulty in getting away from the *hoi polloi*.

That sounds a snobbish way of putting it, but the problem has to be confronted head-on and I know that my Greek friends would wish me to call a spade a spade.

The fact is that the Greek tourist industry has become so successful over the past dozen years that the particular delights and wonders of the country, as savoured by the traditional traveller for a century and more, appear to be in serious jeopardy.

Greece these days – it is tempting to believe, especially in the shock of first-time arrival – is a mess, a shambles, a spiralling descent into the ugly vulgarity of mass tourism.

The country's extraordinary natural beauty is being disfigured fast by uncontrolled ribbon development; the Aegean beaches, once empty, are crammed, noisy and, too often, filthy; the villages are dedicated to "English breakfast all day" and T-shirt boutiques; the greatest sites of antiquity, which not so long ago were visited by only hundreds in a year, now have to cope in season with thousands every *day*; the islands are alive with the sound of Walkmen.

Is it true? Does it matter? And, if it is halfway true, is there anything we can do about it?

Let us take Crete, as one example...

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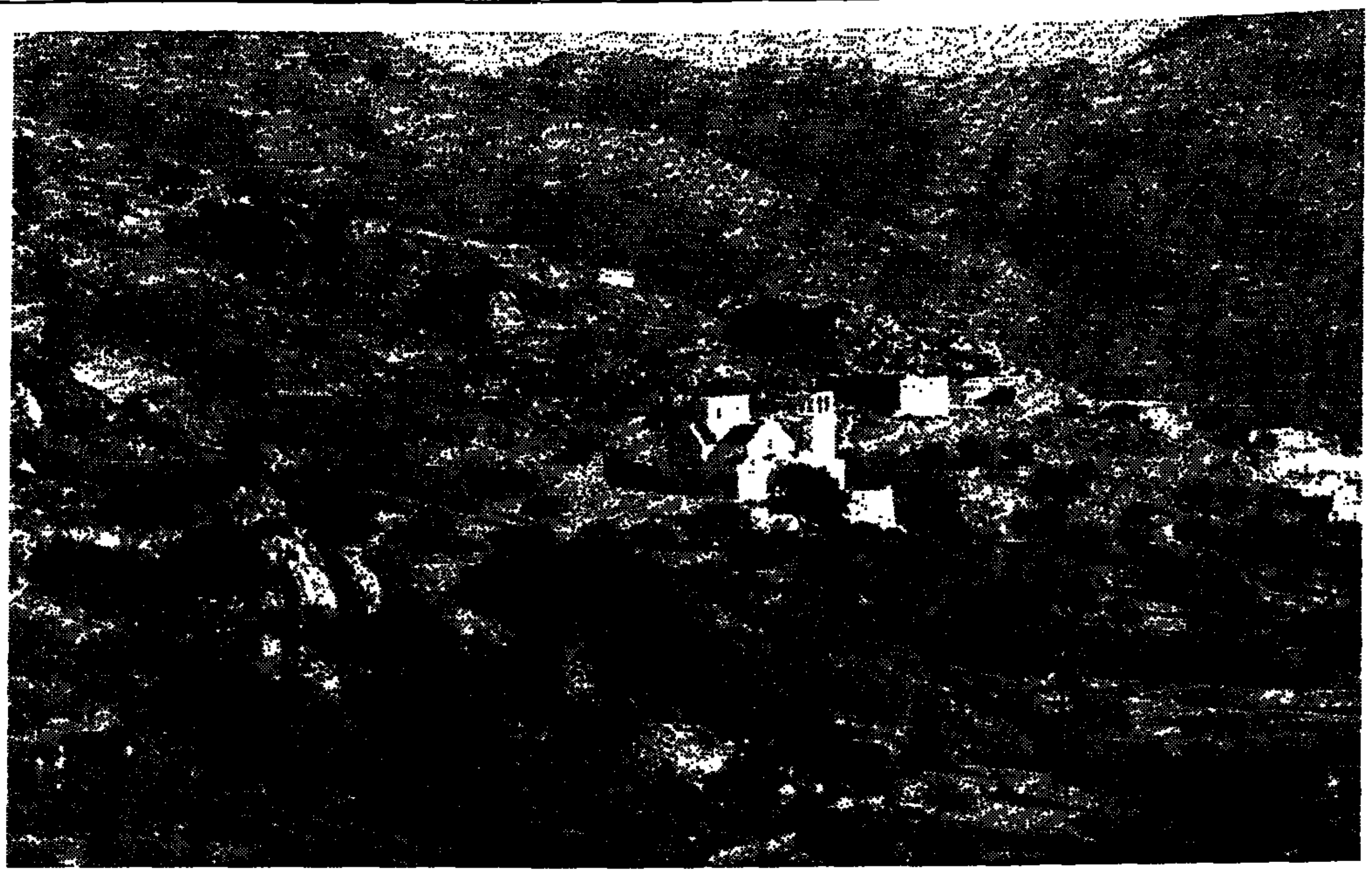
Crete is the largest, the mythically-richest, the most diverse and, some would say, the most beautiful of the Greek islands. It can no longer be denied that a long stretch of the northern coastline has now been colonised by the package tour, with all that implies.

There is nothing necessarily "wrong" with this. From Heraklion eastward to Ayios Nikolaos the beaches are, mainly, good; the weather is superb; the mountain backdrop is as ravishing as you could wish; and the tourist industry has been developed to such a high point of professionalism that it takes account of every pocket. But it does not have much to do with *Crete* any more, and the strip between Hersonissos and Mallia provides traffic jams and featureless concrete to rival anything on the Costas or the Algarve. It caters, however, to a market that knows what it wants – and what it does not want.

The Robinson Club at Lyttos Beach, outside Hersonissos, is a perfectly good – indeed, superior – example. Robinson's is a world-wide German version of Club Med. The overwhelming majority of its 750 guests are German-speaking and they are looking not for a "Greek experience" but for a corner of a Mediterranean field that is forever Germany: sea, sun, sport, lots of good food at northern meal-times, and all put together with clockwork efficiency.

It is not surprising that many of the guests never go out of the (securely-guarded) gates. Most of the clients are not interested in being in Greece – Crete – as opposed to a sandbank in the Caribbean or a high-walled beach estate in Spain. They have a perfect right to be uninterested in a Greek experience. Need that matter?



There is life beyond the beaches: Crete's Lassithi plateau offers solitude and serenity

The same point would apply to much of this north-east part of the island. There are luxury hotels in the area, especially at Elounda, near Ayios Nikolaos. My own favourite is the Elounda Beach, where you must insist on a water's-edge stone cabin so that you look out towards Spinalonga's leper fortress over the deep and shifting seas as if from the bridge of a ship.

The only snag at Elounda Beach is that it is a touch too big for its own style; this means the food is nothing special. Again, though, you can forget easily that you are in Greece and that King Minos lived with Zeus in a big cave up on the horizon...

Crete is large enough to have a splendid expressway to whizz you across the northern coast but, all along it, the signs of commercial development are inescapable. Take the village of Yeoryoupolis, a long way west towards Khania. With a lazy character of its own (and an immense beach), it was a hot tip from the regulars. Now, though, it is showing alarming signs of transformation. You must always, in Crete, beware of any development which uses "Minos" in its title.

□□□

So, what can we do to be saved? The answers are perfectly simple.

■ Get away from the coastal strip. This is a big, as well as a beautiful, island. Five miles inland and you are at once in the lush Cretan landscape of olive grove and orchard, cicadas and goat bells, set against the rolling black silhouette of the high mountains. (In many of the Aegean islands, try going five miles inland and you would be coming out on the beach the other side).

■ Get off the expressway. The "old" road is invariably quieter, slower, more attractive, and full of those intimacies of local life which motorways are built to by-pass.

■ Make that slight extra effort to go beyond the deck chairs and the beach boys. Less than a mile beyond the crowds of Mallia beach, for instance, is a 1700 BC Minoan palace. There are renovated museums in Rethymnon and Siteia which put to shame the confusion (and crowds) in that great treasure house of the Archaeological Museum in Heraklion. Sir Arthur Evans' brave reconstructions at Knossos are only three miles from Heraklion, which says something about the continuing inter-relation between Greece past and Greece present.

■ Look for the *unspoilt* alternatives, which are far more frequent than you might imagine if you are recoiling for the first time from the urban jungle of Heraklion or the one-way system of Ayios Nikolaos. When you flee Mallia, for example, take a look at Milatos or Sisi, just a few miles round the corner.

■ Go to extremes. Use that expressway and take yourself off to the eastern and western coasts. Beyond Siteia, for example, in the far east, there is a great chunk of idyllic landscape where even the guidebooks falter and grow thin. Again, you need to be sensible. The one place to which you do *not* go, not any more, is the famous palm beach of Vai. This is indeed one of the Mediterranean's most perfect coves. Today, though, it is packed with beach recliners made of plastic webbing and you must pay 50 drax to visit the lavatory. I promise that you need drive only a few miles from Vai to find empty sand beaches, waterside tavernas where your fish left the water only minutes ago, secret olive groves and Minoan hill sanctuaries.

A bit further down the coast, you have the Minoan harbour palace of Zakros, at the foot of a gorge and on the edge of the beach, with a spanking new approach road to make it easy. Then you should head back inland, on to the hills and down twisting lanes until you emerge again on the south coast – and still never a sign of your fellow men.

My message is that Greece is indeed under threat but all is not lost. Until the valley below Delphi is built over with retirement bungalows, or Crete's Lassithi plateau becomes a golf course, damage will remain irritating but superficial.

The essential Greece remains, for those prepared to look for it and to make a few concessions in that search. But steer clear of Siteia's pelican. Avis is still trying to scrub the mess off the roof.

■ *Places are available on an FT tour of Crete from May 6-16, with archaeologist Gerald Cadogan. The tour is being organised on the FT's behalf by Cox & Kings Travel (see advertisement on Page XII).*

Greek delight

THERE IS another way to seek out the authentic, unspoiled Greece, and we owe it to the country's national tourist organisation for what are termed Traditional Settlements.

The idea is splendid and simple. In different parts of the country, particularly the more remote and less "commercially-attractive" regions – such as the Mani deep in the Peloponnese – the organisation has acquired and renovated historic buildings and turned them into "guest houses."

They are not intended to be as ambitious or sophisticated as the paradors of Spain or the posadas of Portugal, but they have perfectly acceptable modern facilities to go with their simple, white walls, locally-crafted wooden furniture and rich, warm textiles. The buildings are a delight after the anonymous concrete of so many Greek hotels. They are, by definition, sited magnificently.

In the Mani, for example, the most dramatic towers in the famous hilltop view of Vathia turn out to be a Traditional Settlement, and you will have a positive suite of higgledy-piggledy rooms quite unlike any motel in which you ever stayed. At the other end of the country, in the forests and orchards of the Pelion, Makrinitsa has three elegant, 18th century mansions perched on the mountain peninsula north of Volos.

Back in the Peloponnese, *Monemvasia* – a sort of Greek Gibraltar – has a renovated former monastery deep within the walls of the traffic-free Venetian fortress. Offshore, the Traditional Settlements extend to Psara (near Chios), to Chios itself, and to a larger group of neo-classical mansions on Santorini.

This is as far as you can get from the styles of mass tourism; yet, because the guest houses remain modest, they do not have the limitations of the five-star, high-luxury alternative which is uncongenial to many of us. But a hire car is essential.

■ *Further details from the Greek National Tourist Organisation, 4 Conduit Street, London W1. Tel: 071-734-5997. Several UK travel firms handle the traditional settlements, including Sunvil Holidays of Upper Square, Old Isleworth, Middlesex TW7 7BJ. Tel: 081-568-4499.*

JDF Jones

TELEVISION

SATURDAY

BBC1

7.25 News 7.30 Henry's Cat. 7.35 Wiz Bang. 7.50 Litti' Bits 8.10 Eggs 'n' Baker 8.35 Tom and Jerry: Greatest Hits. 9.00 Going Live!

12.12 Weather.

12.15 Grandstand. Introduced by Steve Rider. Including 12.20 Football: Reviewing the midweek Premier League action and last weekend's FA Cup quarter-finals. 12.50 Racing from Chepstow: The 1.00 Berkeley Hurdle. 1.10 News. 1.15 Athletics: Action from the opening day of the World Indoor Championships in Toronto, Canada. 1.25 Racing: The 1.30 Lifetime UK Novices Chase (H'cap). 1.40 Athletics: Further coverage. 1.55 Racing: The 2.00 Beaufort Hurdle. 2.10 Rugby League: Live coverage of Leeds v Widnes in the first semi-final of The Silk Cut Challenge Cup from Wigan. 3.00 Motor Racing: Steve Rider previews the Formula One season. 3.10 Rugby League. 3.50 Football Half-Times. 4.00 Ice Skating: Coverage of the ladies' free programme in the World Championships from Prague. 4.40 Final Score.

5.15 News.

5.25 Regional News and Sport.

5.35 That's Showbusiness.

6.05 Noel's House Party.

7.00 Film: Every Which Way But Loose. Clint Eastwood co-stars with the scene-stealing Clyde the orang-utan in this riotous comedy about a prize-fighting trucker and his pet who indulge in a spot of monkey business while on the trail of an elusive Country and Western singer. With Sondra Locke and Geoffrey Lewis (1978).

8.50 Birds of a Feather. Sharon and Tracey plan to make some much-needed cash by flogging a dodgy car and some equally dodgy perfume. Comedy, starring Pauline Quirke, Linda Robson and Lesley Joseph.

9.20 News and Sport; Weather.

9.40 That's Life!

10.20 Match of the Day.

11.20 Film: The Devil's Brigade. Action adventure, starring William Holden, Cliff Robertson and Dana Andrews (1968).

1.30 Weather.

1.35 Close.

BBC2

8.40 Open University.

3.00 Film: Singin' in the Rain. Gene Kelly and Debbie Reynolds star in this classic musical comedy which follows the fortunes of two aspiring Hollywood actors with the advent of talking pictures (1952).

4.40 Ice Skating: World Championships. Highlights of the free dance programme from Prague.

5.40 Late Again. A compilation of highlights from last week's editions of The Late Show.

6.30 Scrutiny. Reporting on the work of the House of Commons select committees.

7.00 News and Sport; Weather.

7.15 Sounds of the Seventies. Featuring performances by some of the giants of mainstream rock, including Dire Straits, Daryl Hall and John Oates, Peter Frampton, Eric Clapton, Lynyrd Skynyrd and Little Feat.

7.50 Fine Cut. Robert Redford narrates a chilling account of an incident in 1975, when two FBI agents drove on to a native American reservation in South Dakota, supposedly in pursuit of a truck. A shoot-out ensued in which both agents were killed, leading to one of the biggest manhunts in FBI history. Three of the men later charged with their murder were acquitted, and the conviction of a fourth remains suspicious.

9.20 Moving Pictures. Beeban Kidron, who made her name directing Oranges Are Not the Only Fruit, talks about her latest film, Great Moments in Aviation.

10.05 Film: The Spirit of the Beehive. Director Victor Erice's bizarre drama set in 1940s rural Spain. A young girl sees the film Frankenstein at a travelling cinema show and dreams of meeting the mad scientist's monster. Starring Ana Torrent and Isabel Telleria (1973).

11.40 Film: The Moderns. Offbeat drama set in 1920s Paris. Keith Carradine plays a struggling painter whose life is changed by the arrival of an old flame, now married to an American businessman (1988).

1.50 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show 12.30 pm Speakeasy.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 European Champions' League Special. Previewing the Rangers v Club Brugge match, and the latest news of the Coca-Cola Cup semi-final between Sheffield Wednesday and Blackburn Rovers.

1.40 Movies, Movies, Movies. Previewing Toys, a fantasy comedy starring Robin Williams as a man who tries to stop a toy factory being turned into a military weapons research plant.

2.10 WCW Worldwide Wrestling.

2.40 International Schoolboy Football. England v Scotland.

4.40 ITN News and Results; Weather.

5.00 London Tonight and Sport; Weather.

5.10 Baywatch.

6.00 Blind Date.

7.00 Barrymore.

7.45 Film: The Great Escape II: The Untold Story. True-life World War Two adventure looking at the tragic and brutal consequences of the famous Allied bid for freedom from a German prisoner-of-war camp. Starring Christopher Reeve, Ian McShane and Donald Pleasence (1988).

10.15 Tarrant's 10 Years on TV. Chilling problems in Endurance when the remaining contestants are forced to lie in a bath of ice cubes while drinking as much cold lager as they can manage - the first to use the nearby portaloo is eliminated from the competition.

10.45 ITN News; Weather.

11.00 London Weather.

11.05 Film: Bullitt. A San Francisco police detective conceals the death of a witness in his charge, and goes after the killers himself. Thriller, with a famous car chase, starring Steve McQueen, Jacqueline Bisset and Robert Vaughn (1968).

1.10 The Big E.

2.05 Get Stuffed; ITN News Headlines.

2.10 Basketball.

3.10 New Music.

4.10 Rocksport.; ITN News Headlines.

4.30 BPM.; Nightshift.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Road Dreams. 12.30 pm Songs and Memories.

1.00 Film: The Shop Around The Corner. Romantic comedy. James Stewart plays a letter-writing shop assistant who remains blissfully unaware that his mysterious pen pal is a close work colleague (1940).

2.50 Racing from Sandown. Including the 3.00 Barclays Bank Handicap Hurdle, 3.35 Macmillan Nurse Appeal Handicap Chase, 4.10 Sunderlands Imperial Cup Handicap Hurdle and the 4.40 Burnt Oak and Special Cargo Novices Chase.

5.05 Brookside.

6.30 Right to Reply; News.

7.00 A Week in Politics.

8.00 Adventures: The Shark Shocker. Chronicling naturalists Ron and Valerie Taylor's work with sharks. The programme looks at an experimental electronic barrier which they have designed to keep humans apart from the endangered great white shark.

9.00 Porterhouse Blue. Lionel Zipser is in serious trouble - he's left ageing university porter Skullion for dead, and his obsession with Mrs Biggs is getting out of control. David Jason stars in this Emmy-award winning dramatisation of Tom Sharpe's comic novel. With John Sessions, Paula Jacobs and Ian Richardson.

10.00 Saturday Zoo. Jonathan Ross hosts another hour of music and chat.

11.00 Ready Steady Go! Featuring performances by The Beatles, Gerry and the Pacemakers, Helen Shapiro and Stevie Wonder.

11.35 Adult Oprah. A therapist convicted of sexual misconduct tells his side of the story.

12.30 Film: Under the Volcano. John Huston's powerful adaptation of Malcolm Lowry's novel about the love triangle between a drunken diplomat, his wife and her former lover, who find themselves together in Mexico on the eve of World War Two. Albert Finney stars (1984).

2.35 The Word.

3.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Movies, Movies. 1.05 Anglia News. 1.40 Cartoon Time. 1.50 WCW Worldwide Wrestling 5.00 Anglia News and Sport 11.00 Regional Weather.

BORDER:
12.30 Movies, Movies, Movies. 1.05 Border News. 1.10 Granada Sport. 5.00 Border News and Weather 5.05 Sport Results.

CENTRAL:
12.30 Movies, Movies, Movies. 1.05 Central News 1.40 WCW Worldwide Wrestling. 2.25 Rock Sport. 5.00 Central News 5.05 The Central Match: Goals Extra.

CHANNEL:
12.30 Movies, Movies, Movies. 1.05 Channel Diary. 1.40 WCW Worldwide Wrestling. 2.25 Rock Sport. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN:
12.30 Movies, Movies, Movies. 1.05 Grampian Headlines 1.40 Speaking Our Language. 2.10 Tomas Toiteach 'S A Charaidean. 2.15 Police News. 2.20 Rocksport. 5.00 Grampian Headlines 5.05 Small Talk. 11.00 Grampian Weather.

GRANADA:
12.30 Movies, Movies, Movies. 1.05 Granada News 1.10 Granada Sport. 5.00 Granada News 5.05 Granada Sport: Goals Extra.

HTV:
12.30 Movies, Movies, Movies. 1.05 HTV News. 1.40 Davy Crockett. 5.00 HTV News and Sports Results 11.00 HTV Weather.

HTV Wales as HTV except:
2.30 Porky Pig.

MERIDIAN:
12.30 Movies, Movies, Movies. 1.05 Meridian News. 1.40 WCW Worldwide Wrestling. 2.25 Rock Sport. 5.00 Meridian News. 5.05 Saturday Sport.

SCOTTISH:
12.30 Movies, Movies, Movies. 1.05 Scotland Today. 1.40 Speaking Our Language. 2.10 Celebrity Squares. 5.00 Scotsport Results. 5.15 Rock Sport. 5.30 The Box. 5.45 Scotland Today 10.55 Scottish Weather.

TYNE TEES:
12.30 Movies, Movies, Movies. 1.05 Tyne Tees News. 1.40 The A-Team. 2.30 Porky Pig. 5.00 Tyne Tees Saturday

ULSTER:
12.30 Movies, Movies, Movies. 1.05 UTV Live Lunchtime News 1.08 Saturday Sport. 1.40 Wrestling. 5.00 UTV Live Early Evening News 5.05 Saturday Sport. 11.00 UTV Live Evening News

WESTCOUNTRY:
12.30 Anybody Out There? 1.05 Westcountry Weekend Latest. 2.10 The Munsters Today. 5.00 Westcountry Weekend Latest.

YORKSHIRE:
12.30 Movies, Movies, Movies. 1.05 Calendar News. 1.40 The A-Team. 2.30 Porky Pig. 5.00 Calendar News.

S4C Wales as Channel 4 except:-
7.00 Early Morning. 12.00 The Wonder Years. 12.30 The Angler and the Trout. 6.30 Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.20 Traed Oer. 7.50 I Dir Drygioni. 8.40 Tocyn Tymor. 9.30 Benny Hill.

SUNDAY

BBC1

7.00 PC Pinkerton. 7.05 Felix the Cat. 7.20 Opposites Attract. 7.30 Smoggies. 7.55 Playdays. 8.15 Breakfast with Frost. 9.15 People on the Way. 10.00 See Hear! 10.30 Japanese Language and People. 11.00 Computing for the Terrified. 11.30 Making Time.

12.00 Advice Shop.

12.30 CountryFile. John Craven looks at fox-hunting.

12.55 Weather for the Week Ahead; News.

1.00 On the Record. Political interviews and analysis. With Jonathan Dimbleby.

2.00 EastEnders.

3.00 Film: Columbo: The Most Crucial Game. The dishevelled detective (Peter Falk) investigates the murder of a professional football team owner. With Dean Stockwell and Robert Culp.

4.10 Biteback. Sue Lawley questions whether the humour of One Foot in the Grave sometimes oversteps the mark.

4.50 Song for Europe Preview.

5.00 The Clothes Show. Looking at autumn and winter collections from Milan, the work of British designer of the year Rifat Ozbek, and costume jewellery by an Italian family firm.

5.25 Antiques Roadshow. The experts visit Pembroke in Wales.

6.10 News.

6.25 Village Praise.

7.00 Last of the Summer Wine.

7.30 Lovejoy. The missing page from a national treasure, a terminally ill actress and an old friend with a shady past cause problems for Lovejoy and friends in Ireland. TP McKenna guest stars.

8.25 A Year in Provence. Peter and Annie promise to obtain some truffles for a friend back in London - but the Mayles discover these delicacies are hard to come by in France. Starring John Thaw and Leslie Duncan.

8.55 One Foot in the Grave.

9.25 News and Weather.

9.40 Mastermind.

10.10 Everyman. The story of two middle-aged British women currently awaiting extradition to the US on charges of conspiracy to murder an American Federal attorney.

10.50 Winning. David Hall shows how quality guarantee systems can be part of a winning formula for small businesses.

11.20 The Seaside Trains.

11.50 Weather.

11.55 Close.

BBC2

6.15 Open University. 9.10 Christopher Crocodile. 9.15 The Animals of Farthing Wood. 9.45 Time Busters. 10.05 Teenage Mutant Hero Turtles. 10.30 Century Falls. 10.55 Blue Peter Omnibus. 11.45 The O Zone.

11.55 South African Grand Prix. Steve Rider introduces live action from Kyalami, Johannesburg.

2.00 Around Westminster. Latest political news.

2.30 Sunday Grandstand. Introduced by Steve Rider. Including 2.35 Athletics: Highlights of the men's 1,500m, long jump and pole vault, and the women's 3,000m in the World Indoor Championships from Toronto, Canada. 3.25 Ice Skating: Highlights of the World Championships from Prague, Czechoslovakia. 4.35 Skiing: The Women's Downhill Championship from Lillehammer. Plus, reaction from Kyalami on the outcome of the Grand Prix. Times may vary.

5.10 Rugby Special. Bath v Wasps.

6.10 Athletics: World Indoor Championships. Live coverage of the men's 60m hurdles from Toronto, Canada.

6.25 The Natural World. The wildlife inhabiting Argentina's sub-tropical swamp of Ibera. This lush wetland is home to a wide range of creatures, including giant rodents, alligators and deadly snakes.

7.15 The Money Programme. Britain's threatened social security system. Rory Cellan-Jones reports on the debate over how much the state can and should protect its citizens from birth to old age.

7.55 Athletics: World Indoor Championships. Highlights of the final day of competition from Canada.

8.35 The South African Grand Prix Formula One highlights from Kyalami.

9.10 Did You See? A look back at the week's television.

9.40 Film: Enchanted April. Oscar-nominated romantic comedy set in the 1920s following four women who rent a small Italian castle to escape their dull London lives. Starring Miranda Richardson, Joan Plowright, Josie Lawrence and Polly Walker (1992).

11.20 The Dave Thomas Show.

11.45 Film: The Hired Hand. Western about an errant husband (Peter Fonda) who returns to his wife after seven years absence, to find she will only take him back as a paid worker (1971).

1.20 Close.

LWT

6.00 GMTV. 8.55 Disney Club. 10.45 Link. 11.00 A Meditation. 12.00 This Sunday. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.

1.10 Walden. Brian Walden asks Shadow Chancellor Gordon Brown, can Labour rescue the economy?

2.00 The Smurfs.

2.30 The Match: Coca Cola Cup. Sheffield Wednesday v Blackburn Rovers from Hillsborough.

5.00 Wish You Were Here? Martin Roberts looks at the growth of tourism in Vietnam, and John Carter visits Santiago de Compostella, Spain, which is one of the oldest tourist routes in the world. Judith Chalmers spends a weekend in a converted manor house near Torquay.

5.30 Survival. How the Sacramento Delta swamplands are being restored, after they had been exploited by farmers.

6.00 London Tonight; Weather.

6.20 ITN News; Weather.

6.30 Murder, She Wrote. A friendly visit turns into an investigation when Jessica's old college room mate is accused of misplacing US$2m in tax payments. Angela Lansbury stars.

7.25 Watching.

7.55 The Darling Buds of May. Pop arranges an unusual birthday surprise for Ma, and Primrose falls for yet another builder - who turns out to be somewhat different from the rest. David Jason and Pam Ferris star.

8.55 ITN News; Weather.

9.15 London Weather.

9.20 Maigret. New series. A nightclub stripper overhears a distressing conversation about the murder of a countess - but her loose tongue leads to her own death. Starring Michael Gambon and Minnie Driver.

10.20 Aspel and Company. Chat show.

11.05 The South Bank Show. Profiling American novelist Richard Price, the author of The Wanderers whose latest thriller, Clockers, tells the story of a drugs dealer and a homicide cop whose lives become entangled during a murder investigation.

12.05 Encounter.

12.35 Cue the Music.

1.35 Get Stuffed; ITN News Headlines.

1.40 TXT.

2.40 Summerrock.; ITN News Headlines.

3.35 Snooker.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.40 The Hidden Kingdom: A Himalayan Adventure. Following a mountaineering expedition to conquer Gangkar Punsum.

1.45 Football Italia. Games in Serie A include Lazio v AC Milan, Inter v Roma, Sampdoria v Cagliari, and Juventus v Brescia.

4.00 Mine Eyes Have Seen the Glory. Exploring the convictions of American evangelists, often derided for their apocalyptic beliefs and refusal to accept ideas like evolution.

5.00 Joshua and the Blob. Offbeat animation.

5.10 News.

5.15 High Interest: Growth or Bust? Two days before the Budget, Susannah Simons assesses whether Britain faces recovery or deepening recession. Andrew Brittan, director of the National Institute for Economic and Social Research and Gavyn Davis, chief economist at Goldman Sachs provide contrasting views.

6.00 Moviewatch. Films under review in Belfast include Candyman by horror maestro Clive Barker, and Hoffa, starring Jack Nicholson as the infamous union leader.

6.30 The Wonder Years.

7.00 Fragile Earth. Investigating forest fires in the Provencal countryside. As the region faces economic collapse, new measures are sought to bring the problem under control.

8.00 Opinions: Britain 1993. Another luminary addresses an issue of national importance.

8.30 Benny Hill.

9.00 Lipstick on Your Collar. Love is in the air with Hopper dreaming of Lisa. But all does not go well for the young private when he gets embroiled in dance lessons. Starring Ewan McGregor and Kymberley Huffman.

10.10 Film: The Krays. Gary and Martin Kemp star as the infamous twins who ruled East London's gangland in the late 1960s (1990).

12.25 Film: Nahla. Political drama about a young singer (Yasmine Khlat) struggling to make a name for herself against the backdrop of the intensifying Lebanese Civil War (1979).(English subtitles).

2.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Food Guide. 12.55 Anglia News. 2.00 Blondie and Dagwood. 5.00 Survival. 5.30 Bullseye. 6.00 Anglia News on Sunday 9.15 Regional Weather.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 2.00 Coach. 5.00 Survival. 5.30 Highway to Heaven. 6.15 Central News

CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 Stuntmasters. 5.00 Country Ways. 5.15 Survival. 5.45 An Invitation to Remember. 6.15 Channel News.

GRAMPIAN:
10.45 Small Talk. 11.00 Sunday Service. 11.45 Link. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Conference Report. 2.30 Scotsport Coca Cola Cup. 6.00 Grampian Headlines 6.05 Elkon. 9.15 Grampian Weather.

GRANADA:
12.25 What the MPs Say. 12.55 Granada News 2.00 Granada Action. 5.00 Cartoon Time. 5.15 Coronation Street. 6.15 Granada News

HTV:
12.25 HTV News. 12.30 HTV Newsweek. 2.00 The West Match. 5.00 Superstars of Wrestling. 5.45 Survival. 6.15 HTV News. 9.15 HTV Weather.

HTV Wales as HTV except:
12.30 Playback. 2.00 Get Wet.

MERIDIAN:
12.30 Meridian This Week. 12.50 Meridian News. 2.00 Stuntmasters. 5.00 Country Ways. 5.15 Survival. 5.45 Loud and Clear. 6.15 Meridian News.

SCOTTISH:
10.45 Wemyss Bay 902101. 11.30 Link. 11.45 Sunday Service. 12.30 Encounter. 12.55 Scotland Today. 2.00 Conference Report. 2.30 Scotsport Coca Cola Cup. 5.00 The Caledonian Challenge. 5.30 Elvis: Good Rockin' Tonight. 6.00 Scotland Today 6.05 Elkon. 9.15 Scottish Weather.

TYNE TEES:
12.25 The Littlest Hobo. 12.50 Tyne Tees News. 2.00 For Real. 5.00 Cartoon Time. 5.20 Bullseye. 5.50 The Back Page.

ULSTER:
12.25 Gardening Time. 12.55 UTV Live Lunchtime News 2.00 Bon Voyage. 5.00 Police Six. 5.15 Coronation Street. 6.10 Witness. 6.15 UTV Live Early Evening News 9.15 UTV Live Evening News

WESTCOUNTRY:
12.30 Westwise. 12.55 Westcountry Weekend Latest. 2.00 Westcountry Update. 5.00 Cartoon Time. 5.15 Survival. 5.45 On the Road to the Islands. 6.15 Westcountry Weekend Latest.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 For Real. 5.00 Cartoon Time. 5.20 Bullseye. 5.50 Calendar 9.15 Local Weather.

S4C Wales as Channel 4 except:-
7.05 Early Morning. 9.00 Jelfin. 12.40 Slarad Plaen. 1.05 Magic Roundabout. 1.10 American Gambit. 4.00 Fragile Earth. 5.00 Dechrau Canu, Dechrau Canmol. 5.30 Pobol Y Cwm. 7.15 Bwrw'r Sul. 8.05 Hel Straeon. 8.35 William Jones. 9.35 Newyddion. 9.40 Saith Diwrnod Ar Y Sul. 9.55 The New Statesman. 10.25 Porterhouse Blue. 11.25 ENG.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon.
8.05 Brian Matthew.
10.00 Sarah Kennedy.
12.00 Hayes on Saturday.
1.30 For Better or for Worse.
2.00 Ronnie Hilton.
3.00 Steve Race.
4.00 The Cliff Richard Story.
5.00 Cinema 2.
5.30 New Country.
6.00 Barbara Dickson In Concert.
7.00 I've Heard That Song Before.
7.30 Nessun Dorma.
8.30 David Jacobs.
10.00 Arts Programme.
12.05 Ronnie Hilton.
1.00 Charles Nove.
4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University: Renaissance Music.
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Peter Serkin plays Bach.
2.45 Tailleferre.
3.00 Koussevitzky Legacy.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Alceste.
9.40 All Those Vile Bodies.
10.10 Howells and Leighton.
11.00 Don Pullen.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Fourth Column.
6.00 News and Sports.
6.25 Week Ending.
6.50 On the Ropes.
7.20 Kaleidoscope.
7.50 Saturday Night Theatre.
9.20 Music In Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Open Mind.
10.45 Eva and Adamson Again.
11.00 Richard Baker Compares Notes.
11.30 Les and Robert.
12.00 News.
12.33 Shipping Forecast.
12.43 Close.

BBC RADIO 5
6.30 Weekend Edition Update.
7.10 Test Match Special.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.00 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.
4.25 Test Match Special.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:

6.00 News; The World Today.
6.30 Programmes in French.
7.00 Newsdesk.
7.30 People and Politics.
8.00 News; Words of Faith; A Jolly Good Show.
9.00 News; Business Report; Worldbrief.
9.30 Personal View.
9.45 Sports Roundup.
10.00 News; Jazz Now and Then; Letter From America.
10.30 Waveguide; Book Choice; From The Weeklies.
11.00 Newsdesk.
11.30 BBC English.
11.45 Mittagsmagazin: News in German.
12.00 News; Words of Faith.
12.15 Multitrack 3.
12.45 Sports Roundup.
1.00 Newshour.
2.00 Club 648.
2.15 Personal View.
2.30 Sportsworld.
3.00 News; Sportsworld
4.00 News; News About Britain; BBC English.
4.29 News in French.
4.30 German programmes.
5.00 News; Sportsworld continued.
5.30 Programmes in French.
6.00 Newsdesk.
6.30 German programmes.
8.00 News; Personal View; Words of Faith.
8.30 Europe This Weekend.
8.55 European Sports News.
9.00 Newshour.
10.00 News; Meridian.
10.45 Sports Roundup.
11.00 News; Words of Faith; Book Choice; A Jolly Good Show.
12.00 Newsdesk.
12.30 The Ken Bruce Show.
1.00 News; Play of the Week: The Hole In The Top Of The World.
2.00 Newsdesk; Gods, Guides And Gurus.
3.00 News; News About Britain.
3.15 Sports Roundup.
3.30 From Our Own Correspondent.
3.50 Write On.
4.00 News; India's Children Of Courage.
4.30 Business Review.
4.45 German programmes.

SUNDAY

BBC RADIO 2
7.00 Don Maclean.
9.05 John Sachs.
10.30 Hayes on Sunday.
12.00 Desmond Carrington.
2.00 Benny Green.
3.00 Alan Dell.
4.00 Stars of the 50s.
4.30 Sing Something Simple.
5.00 Charlie Chester.
7.00 Richard Baker.
8.30 Sunday Half Hour.
9.00 Alan Keith.
10.00 Arts Programme.
12.05 New Country.
12.35 Charles Nove.
3.00 Alex Lester.

BBC RADIO 3
6.35 Open University: Social Science - Assignment 103.
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Brian Kay.
12.00 Spirit of the Age.
1.00 News.
1.05 Replay.
1.25 From the Proms 1992.
3.05 Mozart.
3.45 Winterreise.
5.05 Tippett.
5.45 Arthur Honegger.
6.30 Quatuor Mosaiques.
7.30 Sunday Play.
9.40 Royal Scottish Orchestra.
11.15 Music in Our Time.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Joanna Trollope.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial.
3.30 The Radio Programme.
4.00 Analysis.
4.47 The Wedge Between Us.
5.00 From the Pool to 100 and a Fish.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile.
7.00 In Business.
7.30 Bookshelf.
8.00 Punters.
8.30 Goodbye to All That.
9.00 Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Pak's Britannica.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 Close.

BBC RADIO 5
6.30 Weekend Edition Update.
7.10 Test Match Special.
11.45 Sunday Sport.
5.30 They Think It's All Over.
6.00 Money Talk.
6.30 Education Matters.
7.00 Sportsdesk.
7.20 Open University.
10.10 Across the Line.
12.00 Close.
4.25 Test Match Special.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:

6.00 News; Letter From America.
6.30 Programmes in French.
7.00 Newsdesk.
7.30 From Our Own Correspondent.
7.50 Write On.
8.00 News; Words of Faith; Classics with Kay.
9.00 News; Business Review.
9.15 Short Story: Jhok.
9.30 Folk Routes.
9.45 Sports Roundup.
10.00 News Summary; Science in Action.
10.30 In Praise of God.
11.00 News; BBC English.
11.45 News and British Press Review in German.
12.00 News Summary.
12.01 Play of the Week: Hole in the Top of the World.
1.00 Newshour.
2.00 News Summary.
2.01 The Last Tigers.
2.30 Anything Goes.
3.00 News.
3.15 Concert Hall.
4.00 News; News About Britain; BBC English.
4.29 Headlines in French.
4.30 German programmes.
5.00 News and Business.
5.15 Club 648.
5.30 Programmes in French.
6.00 Newsdesk.
6.30 German programmes.
8.00 News; Folk Routes; Words of Faith.
8.30 Europe Tonight.
9.00 Newshour.
10.00 News; Meridian.
10.45 Sports Roundup.
11.00 News; Business Review; Classics with Kay.
12.00 Newsdesk.
12.30 In Praise Of God.
1.00 News; It's all a Plot.
1.45 Mastersingers.
2.00 Newsdesk.
2.30 Composer Of The Month: Beethoven.
3.00 News; News About Britain.
3.15 Sports Roundup.
3.30 Anything Goes.
4.00 News; The Brain.
4.30 Waveguide.
4.45 German programmes.

CHESS

CENTRALISATION is the easiest concept of chess strategy to grasp and can score points at all levels of play. Put simply, all pieces bar rooks are normally more effective in mid-board than on the edge.

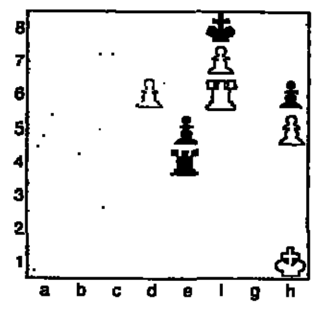
Queens, bishops and knights generate extra mobility and control more squares in the centre. In the endgame a centralised king can often invade the opposing position and eat up pawns. Given a choice of pawn captures, the correct one is usually towards the centre.

This week's game shows an aspect of centralisation which recurs in amateur chess. When white or black plays d5xc4 or d4xc5 and tries to hold the captured pawn as a prelude to a queen-side advance, the opponent has chances to occupy the centre. A logical sequence scatters white's army to the edges of the board, while black's centralised force radiates decisive threats (C Crouch, White; E Bareev, Black; French Defence; Hastings 1992-3).

1 e4 e6 2 d4 d5 3 e5 c5 4 dxc5? With white's moves 6-8 this may already be the losing idea. The normal plan is to keep white's central pawn chain by c3, Nf3 and perhaps Na3-c2. Nc6 5 Nf3 Nge7 6 c4 d4 7 a3 Ng6 8 b4 a5! 9 Bb2 axb4 10 axb4 Rxa1 11 Bxa1 Nxb4 12 Qa4+ Nc6 13 Nxd4

White probably expected ngxe5? 14 F4 or 14 nxe6, but black can do better. Bd7! 14 Nb5 Ncxe5 15 Qa3 Bxb5 16 cxb5 b6! Instead of being a pawn up, white has to go into contortions to avoid being a pawn down. 17 Bxe5 Nxe5 18 Qc3 Qd5! A classic centraliser, with an immediate threat qe4+ and escalating danger to the king. 19 Nd2 Bxc5 20 f4 Ng6 21 Qxg7 Bd4 22 Qh6 Be3 23 Nc4 Qd4 24 g3 Qc3+ 25 Ke2 Bc5 26 Nd2 Qe3+ 27 Kd1 Bb4 28 Resigns. If the knight moves, Qf3+ wins.

Chess no 965



E Eliskases v E Grunfeld, Mahrisch-Ostrau 1933. White (to move) is a pawn up, but 1 Rxh6 Kxf7 only draws. How does he win?

Solution page X.I

Leonard Barden

BRIDGE

MY HAND today comes from rubber bridge of high standard – Hands off the King:

N
♠ K 6 4 3
♥ K 10 9 6
♦ A J 5
♣ J 3

W
♠ 8 5
♥ 7 5
♦ K Q 10 9 7 4
♣ A Q 9

E
♠ 10 9 7
♥ 4
♦ 8 6 3 2
♣ 10 8 7 5 4

S
♠ A Q J 2
♥ A Q J 8 3 2
♦ –
♣ K 6 2

With both sides vulnerable South dealt and bid one heart. West overcalled with two diamonds, and North raised to three hearts. South said three spades, and North had a problem. Should he cue-bid the diamond ace, or show the king of spades. He decided to bid four spades – just what South wanted to hear – and the opener jumped to six hearts.

West opened with the diamond king. When dummy appeared, South could count 11 top tricks, but as West almost surely held the club ace, some kind of squeeze seemed the only hope – no ordinary squeeze, but a squeeze and endplay. The diamond ace must not be played at trick one. Ruffing the diamond king in hand, South cashed five rounds of trumps, followed by ace, queen, knave of spades.

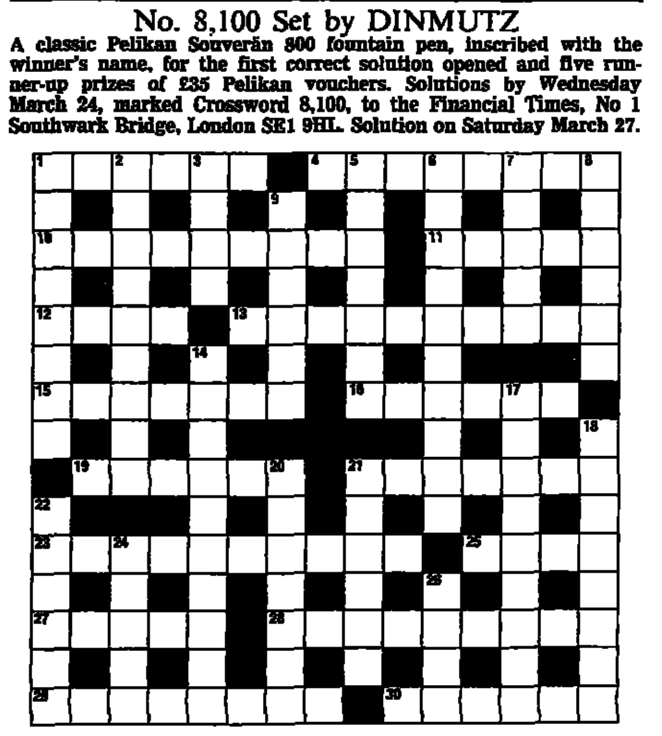
This left a four-card ending. West held the queen and 10 of diamonds, and ace, queen of clubs, dummy held spade king, ace, knave of diamonds, and knave of clubs, South held a spade, and king, six, two of clubs. Declarer crossed to the spade king, subjecting West to pressure which he could not withstand. If he throws the 10 of diamonds, dummy scores two tricks in diamonds, and concedes a club; if he plays the club queen, dummy returns the knave of clubs to endplay West, and force a return into the diamond tenace.

E P C Cotter

CROSSWORD

No. 8,100 Set by DINMUTZ

A classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name, for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday March 24, marked Crossword 8,100, to the Financial Times, No 1 Southwark Bridge, London SE1 9HL. Solution on Saturday March 27.



Name.....................................

Address.....................................

ACROSS
1 Device for ship's hold? (6)
4 Regard a slight obsession with abhorrence (8)
10 Measures of mine to change a cold life (9)
11 Girl's retired for a purgative (5)
12 One fled the country (4)
13 Dickensian cad to drive away? (10)
15 Show lively interest in tunes he arranged (7)
16 Dirties article in dyes (6)
19 Bottom line for Daniel announced? (6)
21 Settled the loan for some alcohol (7)
23 American songster in field-trolic (10)
25 Fuel approved in church (4)
27 Free points at card-game (5)
28 Inspiring wind in opening of Gerontius (9)
29 Many revs make small cars go (8)
30 French change oil to begin car-sport (6)

DOWN
1 Four in frantic search for old records (8)
2 Bent card? (9)
3 Sofa-bursting louts? (4)
5 Strange fellows starting to scrap (7)
6 Experimental flip produces run at cricket (4,6)
7 The section of "The Bull" gives Victor no starter (5)
8 German counts, say, in the charts! (6)
9 Courage encountered and let loose (6)
14 Vincent's Jerusalem artichokes? (10)
17 Like Figaro, taking on so in ordeal (9)
18 Gall Eric produces, being hypersensitive (8)
20 It comes down on one who pays no tax, by the way (4-3)
21 Apprentice does not begin to be a breadwinner (6)
22 Badge of Wembley interior shown before start of match (8)
24 Deck for a party with all the sailors.... (5)
26 .... second sailor is a celebrity (4)

Solution to Puzzle No.8,099

PASTEL APPROACH
O U Y E U E R I
REPRESSED PIOUS
T P S T D E M S
SPOT MAGISTRATE
A R I T N I D
INTENSE GOTTEN
D E D I N I
PRAISE BLOATED
L C L U N O O
EXTRAVERTS DUEL
T U T C T A R A
OUTDO TRENCHANT
F O R R R H G R
FERRYMAN VENERY

Solution and winners of Puzzle No.8,088

DECKER STOPPING
I H M A L N R
GLAZED EXPOSURE
E R N P I U R A
STANDARD AGENTS
T B S E D H E
STAR GLOUCESTER
N A A K D H
DECLUTCHED BEDS
E G Y D I O O
TONGUE CONCERTO
E I S A M E E T
NEGATIVE SCOTCH
T H A E A I E
ENTENDRE SPACED

A.C. Berry, Blackwater, Surrey; J.G. and J.C. Bakewell, Cringleford, Norwich; G. Beale, Burgess Hill, W. Sussex; J. Blair, Beckenham, Kent; D. E. Channon, Pinner, Middlesex; Mrs F.E. Crozier, Taunton, Somerset.

Making a meal of screen violence

Dr Lecter feels guilty. ***Dominic Lawson*** *says he need not worry, although his taste in wine is poor*

THIS year Anthony Hopkins was knighted – perhaps for services to screen violence. In the *Silence of the Lambs*, Sir Anthony, as he then wasn't, played the part of a cannibal, *Doctor Hannibal Lecter, whose* favourite meal was human liver, washed down with Chianti. For this portrayal of gastronomic perversion – Chianti, for heaven's sake, not even a decent claret – Hopkins was also awarded an Oscar.

Now the great Welsh actor says that it might have been a terrible mistake to have taken part in such a violent film. And the man who approved making Dr Hannibal into Sir Hannibal, John Major, has told the Conservative Party faithful in Harrogate that something must be done about "the relentless diet of violence in the media".

Major's argument, assuming that as usual, he is following the conventional wisdom, seems to be that the impressionable imitate the violence they see on their screens. Being an impressionable fellow myself, I thought it safer not to go to see *The Silence of The Lambs*. Otherwise I might even now be imitating the main character, turning into a transvestite serial killer and stuffing the larvae of rare moths down the throats of my victims.

Perhaps you too might be impressionable. Have you murdered anyone recently? You must have seen hundreds of murders on television or in the cinema. Surely some of it must have rubbed off on you. Or are you still the same law abiding citizen with no sudden craving to eat human flesh washed down with cheap Italian wine?

Television has become a convenient alibi, and not just for politicians seeking to shift the blame for rising crime on to other shoulders.

The idea of television as responsible agent is also a convenient alibi for those who most need it – criminals and their lawyers. You know the sort of thing: "My Lord, my client was a perfectly harmless football hooligan with only a few minor offences – and then he saw Denis Potter's *Lipstick on Your Collar*. After that he promptly and understandably raped his wife. I ask for the Court's clemency."

The point is that people who commit violent crime are not like you and me. Their violence comes from within themselves, not down a television tube. In fact, the more time such people spend watching television the safer the rest of us are.

What is undeniable is that violence on television can be distressing to watch, particularly for little children. Alan Yentob, the new controller of BBC 1, said, in response to Major, that it was up to parents to protect their children from violent television.

Parents should not need to defend their children from the BBC. Auntie should not be like an unpredictable dog, a sort of electronic Rotweiler which needs to be locked up and kept away from children and old ladies.

But Yentob is partly right: as adults we have a choice of what to watch and what not to watch. If we grown-ups do not like violence on television, we should vote with our fingers and switch off.

The new crusaders against what is usually termed "gratuitous violence" argue that we have lost the will to switch off, because we no longer have the sensitivity to be shocked. They say we have become "desensitised" to violence, so that we can sit calmly grazing at our TV dinners while watching scenes of horrific bloodshed.

This may be true, but if so, it is the images of bloodshed to which we have become accustomed, not the reality. In common with many viewers of television news I have become emotionally immune to scenes of harrowing brutality. But recently when I witnessed someone being run over by a car, I was shaken and shocked. That is why crowds immediately gather at such scenes. They know that this is the real thing, not "gratuitous" at all, and something quite different in kind from the edited dramas of the television screen.

Sir Anthony says that he will not do a sequel to *Silence of the Lambs*, so disturbed is he by the effects of film violence. It is a fine stand. But Sir Anthony should go ahead and keep his agent happy. The world will not be a more dangerous place if Dr Lecter reappears in our cinemas. And who knows, Sir Anthony might win another Oscar, and this time be rewarded with a peerage.

■ Rough Stuff, Page XI

■ *Dominic Lawson is editor of The Spectator.*

Private View / **Christian Tyler**

Nature ramble with Marx's gardener

Lydia van der Meer

THE GHOST of Karl Marx will be hovering over its tombstone in Highgate Cemetery tonight, the eve of the great philosopher's death 110 years ago.

It was a quirk of history that the bones of the father of world communism should come to rest not in the Kremlin wall but in a north London burial ground laid out by financial speculators and managed by a group of upper-middle-class English volunteer worthies.

Marx is buried in the later, east wing of the famous cemetery. Among his comrades are Chubb the locksmith, Lobb the bootmaker, Foyle the bookseller, Smith of Hovis, Cruft of the dog show and Hutch the cabaret star. More congruously, there are Dr Dadoo, first chairman of the African National Congress, and Claudia Jones, a black freedom fighter.

But Marx is old hat now, at least to the Friends of Highgate Cemetery who bought the place 17 years ago: they measure *his value by the pounds* they earn selling souvenir miniatures of the famous, bearded head. So it was not to Marx's grave but through the heavy iron gates that protect the mysterious and beautiful west wing – John Betjeman called it "a Victorian Valhalla" – that the chairman of the Friends and guardian of the tombstones, Jean Pateman, conducted me last week.

Pateman is not the type to shiver at a *memento mori* nor be cowed by the presence of the dead. She is one of those brisk, bossy women of ringing accent and good family (the Ouseley-Smiths of Cheshire) who in England love to sit on committees, raise money and run things.

She talked about the cemetery rather as if showing off her own, rather overgrown, country-house garden ("don't walk on the vegetation if you don't mind!") and with that English kind of pride which is full of superlatives but from which all sentiment has been carefully scrubbed.

"You know," she said, stopping to point out a stone angel weeping in the undergrowth "this is a team effort. I'm just the girl who's bullied and stirred things along and promoted and driven and survived and ... It's a very big business now," she added triumphantly.

Pateman is a mild namedropper – it is part of her job, after all – and it was occasionally hard to tell whether the names she dropped were of the living or the dead. She discussed her famous supporters and tenants in the same tone, as if discussing invitations to a dinner party. ("Christopher Fry, our nicest, gentlest VIP, *lovely man, absolutely charming ...*").

How, I wondered, would Michael Faraday, the Sandemanian scientist, get on with Joseph Frost, the Muggletonian, although both are buried in Dissenters' Corner? William Jeakes, inventor of the hospital drying machine, would certainly have something in common with that Dr Lee who decreed that hospital windows could be opened. The Rossettis and Galsworthys would hit it off. Tom Sayers, the prizefighter, could chat to George Wombwell, the menagerie owner, about his pet dog Lion and Wombwell's pet lion Nero. I should want to ask Sir James Tyler, of course. But do we dare put William Lillywhite, the round-arm bowler, next to Radclyffe Hall, the lesbian author – especially if we have to invite her friend Mabel Veronica Batten as well?

Burial appears to be coming back into vogue. I asked Pateman why.

"I believe there is an extraordinary psychological need that many people now feel to have something less austere and clinical and more in keeping with a proper ritual," she said.

Why do people choose to be buried rather than cremated?

She sniffed. "Why do some people enjoy pancakes and others prefer fresh fruit?"

Highgate contains 51,800 graves and the bones or ashes of 166,800 people. The latest arrival, she told me, was "a darling old boy of 94 who, for the last 17 years or so, always kissed my hand whenever we met: he was a colonel in the Polish air force."

The cemetery's popularity has soared, from 12 burials a year when the Friends took over to more than 80 a year. Space will have run out by the millennium and prices – £540 for cremated remains, or "cremains," £810 for a child's burial and between £2,200 and £6,850 for adults, according to the size of plot – will rise accordingly. You may not book in advance.

'I feel afflicted by a great sense of awe that, wherever we move, there is a great and profound distinction'

The Friends describe Highgate as a nature reserve in a burial ground, and it was plain that the living receive as much as attention as the dead. As we climbed one of the paths, my guide listed the ground-covering plants: wild garlic and Russian comfrey, periwinkle, *lady's-mantle, wood-spurge* and dusky cranesbill, orange hawkweed, campion, Jacob's ladder and lung-wort.

Above us, a sycamore forest which had given way to ash woodland was being cut to let in holly, yew and hawthorn, with plantings of lime, alder, hornbeam, willow and aspen, and oak to attract the insects: "About 286 different insects inhabit an oak, you know."

It is a place, she said, for "owl prowls and fungal forays" where arachnologists, herpetologists and lepidopterists flourish. There are foxes in the underbrush but the screaming peacocks disappeared some while ago – strangled, probably, by the neighbours.

Its recent human visitors have included art students who came to draw the monuments, mausoleums and catacombs, a party of funeral directors from Belgium, restorers on their way to advise in Poland, landscape architects from Italy, Norway and Finland, social historians and film researchers. The Friends are squeamish about letting Highgate be used for horror films, but many TV documentaries have exploited its photogenic atmosphere.

Conservation is a controversial business. Here, the policy is to patch up rather than restore, Pateman explained as we circled the neo-Egyptian necropolis that crowns the cemetery. It is the "ruin-as-found" technique. She began to *elaborate, then broke off.* "That's Beatrix Potter's publisher through there, by the way."

When I mentioned the ivy draped in Gothic profusion over the monuments, it seemed to touch a raw nerve. "I'm not going to be drawn into the ivy debate," she said, firmly. "There are three factors: it is a unifying factor, it acts as a concealing agency, and it is a habitat for spiders. It harbours the birds, of course ..."

And it looks nice?

"Exactly. And it is only damaging to the softer stones." Apart from anything else, it would take armies of people to remove it all and it would look *perfectly horrifying.*"

She indicated another grieving angel, gleaming white. "The grave-owners came and gave it a jolly good cleaning. Now, we can't say 'please don't *clean*' though we *can* say 'don't bring any acid because it'll spoil the plants nearby ... But it does look a little incongruous. So does this ..." She pointed to an obelisk on the pathway, then checked herself and praised the generosity of the shipping company P&O which had restored the grave of Broddie McGhie Wilcox, an early partner of the line.

Earlier, the chairman of the Friends had said she was too busy looking after the living – there are 75,000 human visitors a year – to feel the presence of the dead. "But I'll tell you what I *do* feel. I feel afflicted by a great sense of awe that wherever we move there is great and profound distinction – the number of people who have made enormous strides in society.

"I mean, tucked away in there" (she pointed again) "is *the first person ever to use an* anaesthetic in this country – he was a dentist – several days before the great operation at University College Hospital."

Did he demonstrate on himself and pass away in the process? I asked, facetiously. Pateman's eyebrows rose until they hit the band of her home-made toque. She gave me an old-fashioned look: "No comment".

How would *you* like to end up, I asked her.

She laughed: "I should like to become a tree, *I think.*"

Are you going to be buried?

"No, definitely not. Quite definitely not."

Why not?

"Because – *and this is* highly personal – I really feel that cremation is more hygienic and more appropriate and requires less space."

Isn't that odd after you've spent so many years and so much energy tending a graveyard?

"That's quite different," she said. "I was tipped in here because I happened to be serving on the environment committee of the Highgate Society. I came here very reluctantly."

Eventually, she admitted that she would not object if her "cremains" were deposited at Highgate.

What inscription would you have on your tombstone?

"*'The old girl worked here'*, or something like that, I should think." She laughed.

Myself, I guess they will do better for her than that.

Out of the Getty, into the ghetto

Michael Thompson-Noel

I AM glad that Turner's *Van Tromp Going About to Please His Masters* is on its way from London to the Getty Museum in Malibu at a price of £11m. Britain is up to its ears in Turners. We should chuck a few more out. Other stuff, too. We can hardly move in London for paintings, pots and rocks

Part of the reason for my equanimity is my admiration for the Getty Museum. I was never a snob about it. I liked it at first sight. It opened in 1974. Joan Didion called it "rather giddily splendid ... a commemoration of high culture so *immediately productive of* crowds and jammed traffic that it can ... be approached by appointment only."

It also seemed, she said, to stir up *social discomforts at levels not easily* plumbed. The museum was thought to be vulgar. In 1986, at a lunch at the Getty Trust in Santa Monica, I sat next to one of the Getty scholars, a short-skirted *professor of memorable* loveliness who was happy to gossip. "It was kind of weird when it first opened," she said. "Here you were in this supposedly Roman villa gazing into room after room of gorgeous French furniture. It seemed the tackiest idea, but not any more. Now it's OK, even studied and admired."

I tried to visit the museum the other morning, but it was closed because of a storm. Instead, I called at the Getty Trust to pick up its latest report, which covers the period to June 1990. It shows how the Getty Trust, which is run by clever people, is enlarging the kitty left by John Paul Getty.

HAWKS & HANDSAWS

This has set me thinking about the habits of the rich. It does not surprise me that *rich people* collect art. It is often a form of aggression: a parading of competitive wealth *and taste*. Conspicuous consumption.

What *does* surprise, now that I think about it, is the way in which the rich, at death, entomb their pots and daubs in yet more museums instead of selling them so as to endow charitable trusts whose specified mission was to help combat the wretchedness in which the planet is plunged.

Take John Paul Getty. In 1982, after lengthy legal wrangling, the Getty Trust received $1.2bn in assets from Getty's estate. The money grew and grew. By March 1986, when I met the trust's president, Harold M. Williams, the value of its endowment trust had reached $2.8bn. Today it must be close to $4bn. The money is managed by experts. Its minimum investment objective is a return of inflation-plus-5-per-cent. In the years to June 1989 and June 1990, these investment returns were 14.3 and 11.6 per cent respectively.

Result: the Getty is sucking up tons of art and stashing it in California. In the year to June 1990 the trust's total expenditure, including operating outlays of $81m, was $250m, of which $140m was spent on "developing its collections." The trust is doing its job: doing what Getty wanted.

"The mission of the J. Paul Getty Museum is to inspire and educate the public by acquiring, conserving, studying, exhibiting and interpreting works of art of the highest quality within (its) fields," says its director, John Walsh. It aims to provide visitors with "an experience that will make them want to return again and again." In this it is succeeding.

But what was Getty thinking of? If southern California has a surfeit of anything, it is a surfeit of fancy art. It is lousy with Old Masters. Why didn't Getty donate his money to a hands-on war on poverty?

For example, the Los Angeles school system was described recently by *The New York Times* as a stricken giant, hobbled by financial problems and hurting from racial and ethnic strife. Many schoolchildren in Los Angeles, said the *Times*, are impoverished, illiterate *immigrants who have never read a* book or worn a pair of shoes and whose special needs are taxing the (mostly white) teaching corps. Why didn't Getty aim his billions directly at the ghettos?

Rich people are still drooling over private art collections. I think that they should stop it. If they cannot, they should stipulate, at their deaths, that their pots and pans, their Turners and Cranachs, be auctioned to help finance the war on want. Compared with *that*, nailing up *Van Tromp Going About to Please His Masters* in a gallery in Malibu is both provocative and decadent.